Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din.0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr.42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils.500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils.500	Sri Lanka	Rup 30
Denmark	Dkr.7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.42	Switzerland	SFr2.20
Finland	Fmk 6.00	Malaysia	Rin 4.25	Taiwan	NT $35
France	FFr. 6.00	Mexico	Pes. 380	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,700 — Tuesday August 13 1985 — D 8523 B

Spectre of Bhopal haunts Union Carbide, Page 4

World news

Durban townships return to calm

Durban's Indian and black townships returned to calm after five days of unrest which have left an estimated 65 people dead, about 1,000 injured and widescale damage to homes, shops and property.

Members of Inkatha, the largely Zulu conservative mass movement, patrolled the black townships armed with knobkerries and sticks to ensure a return to work and classrooms.

Police sealed off the black township of Kwathema to the east of Johannesburg, searching cars and forcing pupils to return to their classes. Page 12

Israeli release

Israel will today free a further 100 of the Lebanese detainees whose release was demanded by the hijackers of an American airliner last June. Page 3

Rebel blown up

A presumed left-wing guerrilla was killed by his own bomb in Santiago outside Chile's paramilitary police offices. The force is at the centre of a political scandal which has sparked anti-government protests.

Key witness dies

A key witness in the case against Portugal's revolutionary hero Otelo Saraiva de Carvalho and others, accused of belonging to a left-wing urban guerrilla group, died in a Lisbon hospital from gunshot wounds.

Train sabotage

Two incendiary devices were found by cleaning women on U.S. Armed Forces railway carriages at a Frankfurt goods station, four days after a car bomb attack on the U.S. Rhein-Main air base killed two Americans.

Paris gunman killed

French police shot and killed an unidentified Algerian who held a hostage at gunpoint for nearly five hours in the Paris Grand Mosque.

Filipino exile returns

Filipino opposition leader Raul Daza arrived in Manila after exile in the U.S., saying he was ready to rejoin the struggle to restore democracy.

'Spy' secretary gone

West German authorities said they had drawn a blank in their search for the missing secretary of Economics Minister Martin Bangemann, adding to suspicions that she was a spy and had fled to East Germany.

Bush ahead

U.S. Vice-President George Bush has a substantial head start in his expected bid for the 1988 Republican presidential nomination, according to a survey of potential candidates. Page 4

Sweden reveals

Sweden's Social Democratic Government took the highly unusual step of publishing the results of the International Monetary Fund's latest examination of the country's economic performance. Page 2

Tanzanians freed

Four of 19 Tanzanians who were charged with treason a year ago for attempting to overthrow the Government were freed by a Dar es Salaam high court.

Greenpeace launch

The environmental organisation Greenpeace, whose flagship Rainbow Warrior was blown up in New Zealand last month, launched n new vessel and sent it to the Antarctic.

Soviet ship rescued

Soviet research ship Mikhail Somov, trapped in Antarctic ice for four months, has been rescued by Soviet icebreaker Vladivostok.

Business summary

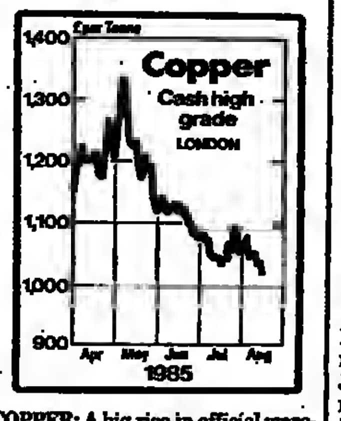
$1.15bn U.S. gas pipeline takeover

MIDCON Corporation, the U.S. Mid-West gas pipeline company, made an agreed $1.15bn for United Energy Resources of Houston in the latest series of U.S. gas pipeline industry takeovers. Page 12

LONDON stocks firmed, although international stocks were ignored as sterling firmed. The FT Ordinary share index added 4.7 to 964.2. Gilts were stronger. Page 30

WALL STREET: By 2pm the Dow Jones industrial average was down 3.36 at 1,317.43. Page 30

TOKYO was unnerved by market speculation about the Sanko Steamship difficulties. The Nikkei-Dow market average declined 27.55 to 12,373.64. Page 30



COPPER: A big rise in official warehouse stocks last week to their highest level for a year dented confidence on the London Metal Exchange. The metal's cash high-grade price fell to £1,021 a tonne at the unofficial close, down £22.50 from Friday. Page 22

DOLLAR finished weaker in London, falling to DM 2.7975 (DM 2.8315); FFr 8.5525 (FFr 8.6625), SwFr 2.304 (SwFr 2.3445) and Y237.2 (Y238.55). On Bank of England figures the dollar's index fell to 137.1 from 138.3. Page 23

STERLING was firm in London, gaining 2.5 cents against the dollar to $1.3835. It also rose to DM 3.8675 (DM 3.8375); FFr 11.82 (FFr 11.7475), SwFr 3.185 (SwFr 3.175) and Y328.0 (Y323.25). The pound's exchange rate index rose 0.8 to 81.5. Page 23

BANK OF ENGLAND took advantage of the stronger pound and announced an £800m issue of gilt-edged securities. The 9¾ per cent Treasury 2002 will go on sale on Thursday at a minimum tender price of 96, where the yield to maturity is 10¼ per cent. Money markets, Page 23; Lex, Page 12

GOLD rose $4.25 on the London bullion market to $326.00. It was also higher in Zurich at $326.75. In New York, the Comex October settlement was $330.70 ($336.30). Page 22

FRENCH FRAMECA consortium, headed by the SGTE engineering group, signed a FFr 2bn ($235.2m) contract to carry out further work on building the Caracas metro. Page 4

PRIVATBANKEN and three other leading Danish banks announced cuts in their lending rates of one percentage point. Page 2

ARAB BANKING Corporation, the Bahrain-based institution, owned by the governments of Abu Dhabi, Kuwait and Libya, reported a 10 per cent increase in profits to $76m for the six months ended June 30. Page 13

LOEWS, the diversified U.S. group, disclosed in an SEC filing that it is seeking clearance to increase its 9.9 per cent stake in CBS, U.S. entertainment group, to 15 per cent.

ROTHMANS HOLDINGS of Australia, the cigarette maker and distributor, lifted net profits 11.5 per cent to A$42.9m (U.S.$30.5m) for the year to June 30, on turnover of A$758m. Page 13

ASEA, the Swedish electrical engineering and electronics group, reports an operating profits decline to SKr 918m ($109.8m) from SKr 920m at midway. Page 13

DISASTER COULD BE WORST INVOLVING SINGLE AIRCRAFT

524 feared dead after JAL Boeing crashes near Tokyo

A JAPAN Air Lines Boeing 747 jumbo jet, with 524 passengers and crew on board, crashed last night on a domestic flight in mountainous countryside about 60 miles north-west of Tokyo, writes Jurek Martin in Tokyo.

There were no immediate reports of whether there were any survivors and it was feared that the crash could turn out to be the worst disaster in aviation history involving a single aircraft. A JAL spokesman said 21 foreigners were listed as passengers but gave no details of nationalities.

Reports from rescue aircraft spoke of large fires burning in the vicinity of the crash, but police said that the difficult terrain and torrential rain were hampering rescue work.

The spokesman said that the captain of flight 123 from Tokyo to Osaka radioed at 18.40 local time, 36 minutes after take off, that a rear door in the passenger cabin had blown out and that he was trying to return to Haneda airport in Tokyo for an emergency landing.

Radar contact was lost at 18.54. At 19.20 the U.S. Navy base at Yokota reported sighting "burning material." Shortly afterwards residents of the sparsely-populated region said that apparently an aircraft had crashed into a wooded mountainside.

The pilot of the jumbo jet, Mr Masami Takahama, 49, had logged 12,404 hours flying time since joining JAL in 1966, according to the company's spokesman.

The aircraft was a 747 SR (short-range) model, specially adapted for use on domestic routes in Japan. JAL has n fleet of 10 747 SRs, which are also in use by ANA, the domestic airline.

Its most noteable feature is passenger load. Flight 123 was equipped with 528 seats, many more than a typical long-range Boeing 747, which carries between 330 and 450.

The Tokyo-Osaka flight is mostly used by commuting businessmen. But this week is the peak of the "o-bon" holiday season, when Japanese return to their parental homes. Of the 524 people on board, JAL's passenger lists numbered 497 adults, 12 children, and 15 crew.

A JAL official said that the 747 SR had no record of problems with cabin doors. It was a defective cargo door in n McDonnell Douglas DC-10 which caused the Turkish Airlines crash near Paris in 1974, in which 346 people were killed.

The Paris disaster has so far held the unenviable record of the worst ever involving a single aircraft. But the loss of life was even greater when two jumbos collided on the runway of Tenerife airport, in the Canary Islands, in March 1977, killing 583 people.

Yesterday's crash was the fourth major air disaster in the past six months. In February this year, 148 people were killed when an Iberia Boeing 727 hit a mountain in fog as it was approaching Bilbao in Spain. On June 23, an Air India Boeing 747 jumbo jet en route from Montreal to London hurtled into the sea off the coast of Ireland, killing all 329 passengers and crew.

At the beginning of this month, 132 people died when n Delta Airlines Lockheed wide-bodied jet crashed on approach to Dallas-Fort Worth airport in the U.S.

In Washington, the National Transportation Safety Board announced that two U.S. investigators were due to fly to Tokyo yesterday to help Japanese authorities with their inquiries.

The board's spokesman said that it was likely that the Boeing company would also send a team of experts to Japan. Boeing has so far declined to comment on the cause of the accident.

A Boeing spokesman said 747 aircraft had been involved in six crashes since it was introduced in 1969. "Investigations have shown that in none of the accidents was the aircraft at fault. The reasons were such things as pilot error or weather-related," he said. "This is a very safe plane."

Eric Short adds from London: The accident will almost certainly result in the largest ever insurance payout for an aircraft disaster. The insurance liability has two main aspects: insurance of the aircraft itself and liability to the passengers.

The direct insurer for JAL is Tokyo Marine and Fire Insurance Company, but a significant amount of the risk is reinsured in the London market. No further details were available from the company.

The Air India aircraft which crashed in June was insured for $100m. Passenger liability based on the Warsaw Convention has an agreed standard liability cover of $75,000 per passenger. However, there could well be individual law suits by representatives of dependants of those passengers killed in the crash claiming damages well in excess of the figure.

If there is a product defect to the aircraft then the manufacturers could be sued by dependants and the airline.

Boeing 747s have an excellent safety record to date and the insurance premium rating will reflect the record. It is unlikely that this one incident will result in underwriters reassessing the rating.

Jumbo's safety at issue, Page 12

Tokyo minister quits as Sanko Steamship heads for collapse

BY JUREK MARTIN AND CARLA RAPOPORT IN TOKYO

MR TOSHIO KOMOTO, one of the most influential members of the Japanese Cabinet, submitted his resignation last night as a result of the financial problems facing collapse of Sanko Steamship, the company he had guided for nearly 50 years.

Sanko, the world's biggest tanker operator, is expected to file today for relief under Japan's corporate rehabilitation laws. The company owes an estimated Y520bn ($2.19bn) in official liabilities and perhaps as much again in other unpaid obligations. Its failure would be of a magnitude unprecedented in Japanese corporate history.

Mr Yasuhiro Nakasone, the Prime Minister, did not immediately accept Mr Komoto's resignation, saying there was a distinction between political and private sector responsibilities. Mr Komoto, however, had told his supporters earlier he was intent on quitting.

Mr Komoto, himself n candidate for the Prime Ministership as recently as 1982, has been serving as State Minister in charge of external economic relations, embracing Japan's market liberalisation programmes.

A prominent "liberal" in economic policy, he is also leader of the fifth largest faction inside the ruling Liberal Democratic Party (LDP). Although declining in strength of late, his faction is none the less seen as an important "swing" group in the fluid politics that characterise the country's entrenched conservative regime.

The troubles at the shipping company, which had been technically bankrupt since March have been brought to a head by a recent decision by its main three bankers that they would no longer provide further support to the company. Sanko had been receiving about Y5bn a month from its bankers which enabled it to keep its ships running.

The group has been heavily in debt and making losses for three years, due in large part to an over-optimistic shipbuilding programme and the continued difficulty of the shipping market worldwide. Consolidated accumulated losses as of March were Y212bn.

The Bank of Japan and Ministry of Finance insisted yesterday that Sanko's collapse would not prompt a financial crisis.

Daiwa Bank, Japan's 10th largest city bank, is Sanko's largest creditor with loans of about Y100bn outstanding. Japan's Long-Term Credit Bank (LTCB) is owed about Y80bn and Tokai Bank around Y60bn. Other major creditors include Sumitomo Life Insurance, Japan's Export Import Bank, Mitsui Trust and Dai-Ichi Mutual Life.

Foreign banks, including Citibank of the U.S. and Commerzbank of West Germany, are owed a total of Y47bn.

Under the corporate rehabilitation law, the court will appoint a trustee to examine Sanko's affairs. At the end of this examination creditors, company officials and the court officials will decide on the best method for meeting the group's liabilities.

Under the corporate rehabilitation laws, up to half of a creditor's bad debts can be written off against tax. It is believed that the three main creditors will cover the rest of their losses through equity disposals.

According to Nihon Kezei Shimbun, Japan's leading economic newspaper, Daiwa is planning to sell Y150bn worth of stock, LTCB another Y120bn and Y90bn by Tokai. In order to minimise the confusion on the stock exchange, the banks are expected to cross-trade a great deal of stock.

Sanko's shares were suspended yesterday on the Tokyo Stock Exchange at Y27, down Y15 from Friday. It traded at Y72 as recently as last Wednesday.

Hole in the safety net, Page 10; Lex, Page 12

Carbide defends safety system

By Terry Dodsworth in New York

UNION CARBIDE, the U.S. chemicals company, insisted yesterday that its emergency response system had worked according to plan when a cloud of toxic gas escaped from its Institute, West Virginia plant, on Sunday.

The company's statement came as it found itself embroiled in another bitter controversy over the quality of its safety systems, which were challenged only eight months ago in the wake of December's gas leak disaster, which killed more than 2,500 in Bhopal, India.

The accident in the West Virginia plant, which makes the same lethal insecticide ingredient as was formerly produced at the Bhopal plant, forced about 200 Institute residents to seek emergency hospital care for eye, throat and lung irritations. Almost 30 of these were detained on Sunday, and although some were released yesterday, more than 20 remained in hospital last night.

Union Carbide moved yesterday to try to dispel fears about the accident, saying that the remaining patients in hospital were in satisfactory condition "without any sign of permanent injury."

The company also stressed that aldicarb oxime, the chemical involved in the accident, was quite

Continued on Page 12

Haunted by the spectre of Bhopal, Page 4

Paris urged to continue its tough policies

BY DAVID MARSH IN PARIS

FRANCE needs to continue with tough anti-inflation policies and accept at least another 18 months of low growth and rising unemployment. These are the essential conditions for correcting imbalances in the economy and paving the way for an eventual, job-creating recovery, the Organisation for Economic Co-operation and Development (OECD) says in its annual report on the French economy, published today.

The OECD warns against any relaxation of the tight policies followed since 1983 and says that the French authorities "will have to continue to pursue a policy of stringency for a good many years to come."

The warning can be interpreted as a shot across the bows not only of the present Socialist Government but also of economic policy makers in the opposition, who have pledged to bring in tax cuts if the right is returned to power in general elections next March.

The report says the Government is likely to overshoot by perhaps around 1.5 points its 4.5 per cent inflation target this year, although this objective is likely to be met in 1986.

Fiscal policy must aim both to reduce deficits and reduce overall taxes, it says, noting that public sector finance is likely to move more strongly into deficit this year than in 1984, mainly because of a swing from a surplus to shortfall in the social security account.

President François Mitterrand's aim of cutting the share of tax and social security contributions in gross domestic product by 1 point this year will not be met as the ratio is forecast to fall by only 0.5 points, it says.

On a more positive note, the OECD forecasts a return to surplus in foreign trade in the second half of 1986, for the first time since 1978. It sounds a warning note however over worsening French competitiveness against its European trading partners.

The secretariat says that economic strategy since 1983, based on monetary and fiscal restraint and an active prices and incomes policy, "has undeniably met with success" in reducing inflation, restoring external equilibrium and boosting company profits.

But it points out that, in spite of a sharp rise in redundancies and an effective breaking of wage indexation, rates of return on capital are not yet back to levels encouraging companies to invest in job-creating production capacity.

The OECD makes a strong call

Continued on Page 12

France urged to improve labour market flexibility, Page 2; Editorial comment, Page 10

British industry's raw material costs back to July 1984 level

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

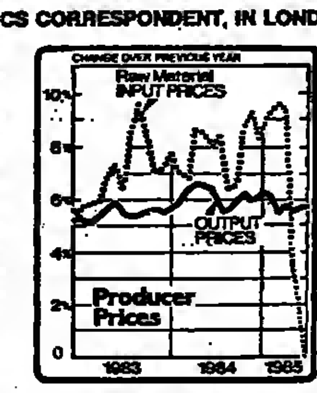
THE PRICES paid by British manufacturers for raw materials and fuel were no higher in July than a year earlier. This was the first time for more than seven years that UK industry experienced no inflation in these costs over a 12-month period.

Industrial costs fell by 2 per cent from June to July, the fifth consecutive month of decline. The strength of sterling since the Conservative Government's March budget has put n sharp squeeze on costs.

Figures released yesterday by Britain's Department of Trade and Industry also showed that the annual rate of increase of manufacturers' selling prices was little changed in July at 5.7 per cent against 5.6 per cent in June.

Officials believe that the figures indicate a marked easing of inflationary pressures, and the Treasury appears confident that the annual inflation rate for retail prices will fall from the present 7 per cent to about 4½ per cent by this time next year.

It seems unlikely, however, that the inflation rate will fall quite as far as 5 per cent by the final quarter of this year, as the Treasury was predicting at the time of the March budget.



Official confidence that easier inflation figures lie over the horizon was underlined yesterday by the Industry Minister, Mr Norman Lamont.

He said: "The good news on producer prices and the recent fall in interest rates, worth £250m to industry in a year, lends encouragement to the Government's view that price inflation will begin to head down later this year."

Mr Lamont's optimism is broadly shared by London analysts and independent forecasters, who generally believe that UK price inflation will reach a peak of a little over 7 per cent in July before declining quite rapidly.

One reason is that the sharp increase in interst rates in July last year pushed up mortgage (home loan) repayments. This had a direct impact on the retail price index.

This process is now moving into reverse. The Building Societies' Association is expected to agree to a further cut in the mortgage rate when it meets on Thursday.

The latest Confederation of British Industry survey of manufacturing companies also suggested that the pressure on wholesale prices was set to ease through the summer and early autumn.

While the pound remains strong, UK imports of manufactured goods will remain relatively cheap

UK retail spending at peak, Page 6

CONTENTS

EUROPEAN NEWS

Critical IMF report becomes election issue in Sweden

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SWEDEN'S Government yesterday took the highly unusual step of publishing the results of the International Monetary Fund's critical examination of the country's economic performance.

Selective leaks of the report in a Swedish newspaper at the weekend were threatening to become an important issue in the campaign from the general election due in less than five weeks.

The report, based on a visit by Fund officials at the beginning of June, was discussed by the IMF executive board meeting in Washington last Wednesday.

The directors are critical of Sweden's failure to do more to cut inflation and to keep labour costs under control, and urged the Government to take fiscal measures in the autumn to cut the growing deficit in the current account deficit.

The newspaper report claimed that the Government had agreed to IMF demands to tighten economic policy after the election. This was firmly denied yesterday, however, by Mr Kjell-Olof Feldt, the Finance Minister, and by IMF officials in Washington.

Relations between Stockholm and the IMF were seriously strained in 1982 by the dramatic 16 per cent devaluation of the krona pushed through by the incoming Social Democratic administration. But Mr Feldt insisted yesterday that relations were now "very, very friendly."

Opposition politicians were quick to seize the report as substantiation of their own attacks on economic policy.

At their meeting last week the IMF directors in fact praised Sweden's "impressive achievement" from 1982 to 1984 in combining economic expansion with an improvement in the current account.

They were also positive about Sweden's "remarkably low rate of open unemployment."

In line with the OECD report published earlier this year, however, the IMF directors are scathing about Sweden's apparent inability to bring price and cost increases down to the levels of competing countries and are critical of the bloated publi sector.

The IMF is concerned about "the recent slippages in the adjustment effort," and believes that "financial policies must play a crucial role in setting the stage for wage restraint." It is concerned about "various rigidities and the lack of flexibility and mobility" in the Swedish labour market.

Fiscal policy has to be tightened, the directors maintain, both to reduce inflation (still running at around 8 per cent) and to cut the current account deficit SKr 12.5bn (£1.09bn) in the first five months of the year.

Fiscal consolidation had "apparently come to a halt," say the directors. Given Sweden's external debt and debt servicing position, reliance upon further borrowing from abroad was "imprudent." Fiscal restraint should centre on current expenditures, including public sector employment and wages as well as social subsidies and transfers.

The package of measures pushed through in May to halt a crisis of confidence in the krona was "tilted excessively towards monteary restraint with fiscal adjustment making little contribution," claim the directors. Another devaluation would "signify a defeat in the fight against inflation."

Gorbachev's new brooms sweep into key posts

By Our Moscow Correspondent

JUST FIVE months after taking power, Mr Mikhail Gorbachev, the Soviet leader, has managed to assemble a formidable team of associates in key industries and Communist party departments.

Dozens of regional party chiefs have been replaced, several by Moscow-based specialists, and ten new ministers appointed since March 11 when Mr Gorbachev succeeded the late Mr Konstantin Chernenko as party leader.

Broadly speaking, the new appointees were chosen on merit but there can be little doubt, according to Western diplomats here, that at least some of them have links with the inner circle of Mr Gorbachev, Mr Yegor Ligachev, his number two, and economic supremo Mr Nikolai Ryzhkov.

Mr Ligachev and Mr Ryzhkov themselves benefited from close ties with the Kremlin chief in April when they vaulted into the ruling politburo as full members, bypassing the usual candidate stage of membership.

The latest ministerial change came earlier this month when Mr Yevgeny Varnachev was named to head the grand-sounding Ministry of Construction, Road and Municipal Machine-Building—it is responsible for such things as dumper trucks and road sweepers.

Mr Varnachev, at 53 a year younger than Mr Gorbachev, headed the key Uralmash heavy industrial plant and armaments factory in Sverdlovsk, in central Russia.

Mr Ryzhkov (55), held the same post at an earlier stage before he was promoted to work with the state planning authorities in Moscow.

One of the two new central committee secretaries selected last month, Mr Boris Yeltsin, also hails from Sverdlovsk where he held party and engineering posts.

The other secretary, Mr Lev Zaikov, is said by diplomats to have impressed Mr Gorbachev with his achievements as party chief in Leningrad, the second Soviet city and a huge industrial centre.

An earlier beneficiary of the Soviet leader's drive to revitalise the economy with younger and better qualified personnel was Mr Viktor Nikonov, who is now the party watchdog for agriculture, a job Mr Gorbachev himself once held.

Mr Ligachev (64), who is considered number two in the Kremlin as well as a personnel chief, has been present at several of the regional party meetings across the country where local bosses have lost their jobs. A number of the new incumbents are inspectors from the central committee in Moscow — specially trained cadres with a trouble-shooting role. At least some are likely to have been selected by Mr Ligachev.

Mr Gorbachev has moved men of his own age and level of qualification into the ministries responsible for: ferrous metals, the electrical equipment industry, transport construction, light industry, industrial construction, power and electrification and higher education.

Naturally, Mr Eduard Shevardnadze's appointment in July as Foreign Minister also fits into the overall picture of a younger leadership team. His older predecessor, Mr Andrei Gromyko, is now President. Most of the other outgoing ministers were retired.

Apart from Mr Shevardnadze, the new men are largely in charge of ministries which have previously come in for considerable criticism, some personally from Mr Gorbachev.

OECD urges France to ease labour laws

BY DAVID MARSH IN PARIS

FRANCE MUST further improve the flexibility of the labour market in order to increase the chance of reducing unemployment, according to the Organisation for Economic Co-operation and Development.

The OECD's latest report on the French economy calls for fresh action to dilute the importance of centralised wage bargaining. It also suggests modifications to France's minimum wage system to combat the problem of relatively high wages for young people pushing up youth unemployment.

While welcoming government moves to bring in pay "norms" which have effectively broken wage indexation, the OECD believes efforts to bring down real wage costs have not gone far enough. Its recommendations, though diplomatically worded, add up to a detailed criticism of structural rigidities in the French labour market which have also come under increasing attack over the past year or so from the Patronat employers' federation.

The Organisation also takes issue with laws which can make employers reluctant to hire fresh staff because of difficulties in making redundancies if necessery later. The obligation of French companies to obtain official permission for all redundancies, whether collective or individual, is "virtually unique in Europe," the OECD says.

Overall labour market rigidities place France in a position "probably not very different from that of many other European countries, but at a considerable disadvantage vis-a-vis the U.S. and Japan," the organisation says.

Concerning the laws governing employees' conditions, the report says that although "each element taken separately does not in itself appear decisive, the existence of an extremely complex body of legislation undoubtedly constitutes a major psychological constraint and may discourage some employers from taking on labour."

The OECD blames the virtually full index-linking of inflation until 1982 as an important factor—along with increases in social security contributions—in adding to unemployment by reducing company profitability.

"The pursuit of a policy of wage restraint since mid-1982 has helped change this trend. "But, despite the slowdown in real wages and big productivity gains leading to rapid cuts in employment in the last two years, the OECD suggests that real wages are still too high to encourage job-producing investment.

It hopes the trend will continue for wages to be negotiated et e local level rather than through central bargaining. "The requirement since 1982 that wages be negotiated each year within companies could gradually change behaviour," it says.

The organisation admits that studies of the minimum wage (SMIC), which is increased regularly by more than the inflation rate in order to boost low incomes, have produced no evidence that it has had a significant effect on wage inflation or unemployment.

Nonetheless, because of a youth unemployment level of 26 per cent last year, against an average 15 per cent in the seven mein industrialised countries, the OECD suggests soma modifications to bring the level of young people's pay below the SMIC.

It puts forward the possibility "of adjusting the minimum wage eccording to age, so allowing pay to be better edapted to relative productivity."' This, it says, could represent "an effective incentive to hiring new labour entrants."

Praise for Bonn from Moscow

MOSCOW – The Soviet Union mixed praise with criticism in messages to Bonn marking the 15th anniversary yesterday of the Moscow treaty which laid the basis for West Germany's relations with Eastern Europe.

Telegrams from the Soviet leadership to Chancellor Helmut Kohl of West Germany and President Richard von Weizsäcker said Moscow favoured improved ties but made clear that the Kremlin would continue to oppose any moves towards German reunification.

Soviet press commentators also attacked Herr Kohl's Government for its espousal of Washington's policy on missiles in Europe and plans for a space-based anti-missile defence system and for rejection of Soviet proposals for a mutual nuclear test ban.

This year's 40th anniversary of the end of the Second World War caused strains in relations between Bonn and Moscow. Pravda said yesterday that present West German policies showed traces of the "activity of those who did not learn the lessons of the war."

The newspaper Selskaya Zhizn (Rural Life) said relations had deteriorated since Herr Kohl's Christian Democrats had come to power and accused him of "borrowing the American approach" in dealings with Eastern Europe.

Mr Mikhail Gorbachev, the new Soviet leader has shown signs of a greater emphasis on Europe in his foreign policy. One senior Soviet political commentator said at the weekend that Moscow wanted Western Europe to urge Washington to adopt a more moderate approach.

A personal telegram from Mr Gorbachev to Herr Willy Brandt, the West German Social Democratic Party leader – who was Chancellor at the time of the 1970 treaty – praised his "personal contribution" to the accord and said Moscow was prepared to take practical steps to improve trust and co-operation.

Reuter

Arson bid fails

Would-be arsonists in West Germany loaded fuel-soaked blankets and pillows into two railway carriages used by the U.S. army, but a faulty igniting device prevented any fire, police told Reuter in Frankfurt.

The arson attempt came four days after a car bomb exploded at the U.S. air force's Rhein-Main base near Frankfurt, killing two Americans and injuring 20 other people.

Rupert Cornwell on an unusual employment project

Kassel enlists British aid in search for jobs

WITHOUT doubt, West Germany has more immediately arresting places than Lilienthalstrasse in Kassel, a plain tree-lined avenue cutting through the old industrial district of the city, on the eastern bank of the river Fulda.

It is, however, the setting for one of the country's most closely watched, and certainly most romantic, schemes to create new employment.

An angry industrial dispute raged at the Lilienthalstrasse ENKA synthetic fibre works through 1982, after the decision of its Dutch parent, the AKZO chemical groop, to shut down the plant and make 2,500 people redundant.

Protest marches, sit-ins, even a hunger strike, were to no avail. By mid-1984, the closure was complete, and 800 remaining workers were on the street. But even before the last shift at ENKA has ended, an embryonic project, uniquely for West Germany without the support of public funds, was under way to make good a little of the damage.

A year later, Unternehmenspark Kassel (industrial estate) as the site has been renamed, is a small laboratory of a possible future. In some of the old ENKA buildings, 45 tiny concerns have set up shop; employing 200 people, up to half of whom would otherwise have been unemployed. There is a greater irony still.

The midwife to the venture is not German, but the privately-run consultantcy firm of Job Creation from Britain—hardly a country celebrated for its ability to tackle unemployment.

However, Job Creation was peculiarly qualified for the task in Kassel. Describing itself as "a business to create businesses," it grew from the efforts of British Steel to provide compensatory work in towns devastated by plant closures in recent years. It has since expanded abroad, to the U.S., the Netherlands and shortly Spain, in a joint venture with ITT.

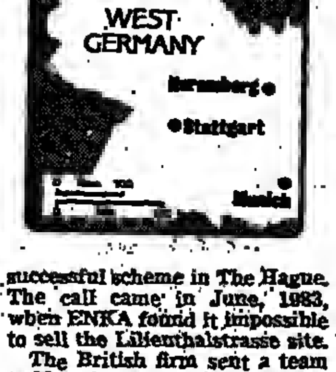
West Germany's labour market, in the words of Mr Keith Freestone, the 45-year-old director of the Lilienthalstrasse project, "is where Britain's was five years ago." Kassel may not quite be Consett or Rotherham, but the remark is true of it nonetheless.

The city is best known as home of the brothers Grimm and once stood at the heart of a single Germany.

Dismemberment of the Third Reich left it stranded, its natural lines of communication with the East cut, and isolated from the industrial centres of the West Germany in the Ruhr and the south.

Kassel may belong to Hesse, e state of low unemployment, but its jobless rate of 16 per cent is one of the highest of any large West German town. Understandably, the demise of ENKA was virtually the last straw.

Job Creation came to Kassel almost by accident: AKZO had heard about its services from Philips, the Dutch concern for which the firm had mounted a



successful scheme in The Hague. The call came in June, 1983, when ENKA found it impossible to sell the Lilienthalstrasse site.

The British firm sent a team to Kassel to assess the prospects for a similar initiative, and reckoned that something could be done. It persuaded ENKA to sell a third of the site for a symbolic sum to Wiggins, e British investment group, and enlisted the help of the city authorities.

"At first we were sceptical," says Herr Werner Vauth, head of the economic promotion division of Kassel municipality. "But now it is well known here, and has become quite ettractive to young people with ideas, who want to set up in business."

The crucial commodity, Mr Freestone emphasises, is e genuinely marketable idea. Job Creation will evaluate an applicant's proposal and, assuming it has promise, will provide free e managerial, financial or secretarial help. The fledging entrepreneur can then rent office or workshop space in the old ENKA building.

Job Creation's security lies in a three-year contract placed by Wiggins, and e share of rent paid. ENKA can enjoy a feeling of corporate responsibility better discharged, after *the axing of 2,500 jobs*. Wiggins gets an immediate return from rented space, the chance of larger profits if the scheme takes off, and the intrinsic value of the premises and site is upvalued. The signs are that everybody's gamble will come off.

The new businesses which have taken root in Lilienthalstrasse offer a cross-section of the craft and service industries which represent perhaps the best chance of recouping jobs lost in West Germany—and elsewhere—as older industries contract.

They include a computer software concern, a carpentry workshop, a speciality printing business, a design company, a wooden toy manufacturer and a video rental studio. Today they number 45: but the hope is that the scheme could generate 500 jobs, and spill over to the other two-thirds of the ENKA site, now bulldozed to rubble and ewaiting redevelopment.

One hundred, 200, or even 500 new jobs obviously will not resolve Kassel's unemployment problem, but a "knock-on" effect is already discernible. "People down there have a team spirit," says Herr Vauth.

Kassel is obviously no California and is unlikely to become one, whatever the spoken dreams of some that a future Apple, or Nixdorf will blossom from the industrial seedbed in Lilienthalstrasse.

"Not many of the businesses here wil lmake millionaires of people," admits Mr Freestone. "We do not care if they are high-tech, low-tech, or no-tech: al lthat matters is thet self-supporting jobs are created." What also matters is the growing prospect that the scheme will take root elsewhere in West Germany.

One pointer is that Siemens is considering a similar initiative on an unused part of one of its company estates—albeit at Zistersdorf, near Vienna. Another is that the Kassel venture has now acquired two apprentice schools, offering places for 70 people. Increasingly, West German companies will surely look to such ideas, when old factories face inevitable closure, and the difficulties of local labour markets loom even larger.

"Five years ago, I would guess that only three out of 100 top companies would have supported this kind of programme," says Mr Freestone. "But now only three out of 100 would not."

Bread and petrol go up in Greece

By Andriana Ierodiaconou in Athens

GREECE'S Socialist Government has announced price increases of 5-30 per cent on petrol, diesel and fuel oil, car insurance, bread and sugar. A further spate of rises is expected over the next few weeks for meat, school fees, public transport and government services such as electricity, water and telephone.

The Socialists are anxious to curb Greece's high current account deficit, which reached $2.18bn (£1.6bn) last year. The bill for oil imports alone reached $2.2bn. The government also wants to put a brake on the runaway deficits of public sector organisations which grew by 39 per cent in 1984.

It is not, however, considered Both left and right-wing Greek newspapers have criticised the Government for choosing to spread the price increases during the August holiday period when public reaction is at its most sluggish.

Mr Lefteris Veryvakis, the Energy Minister, said the petrol, oil and gas increases were necessary to ease the energy bill.

Wine black list

The West German Health Ministry yesterday more than doubled to 830 the number of wines found contaminated with the anti-freeze chemical diethylene glycol. Nearly all of them are Austrian, Reuter reports from Bonn. It is issuing a black list of 803 doctored Austrian and 27 West German wines. The list can be requested by dealers and consumers.

Europe's last Beetle

The last shipment to Europe of Volkswagen's legendary "Beetle," the biggest-selling car of all time, arrived in West Germany yesterday, Reuter reports from Emden. The consignment of 3,000 cars was made at the company's plant in Mexico. VW still produces about 120,000 Beetles e year in Mexico, Brazil and Nigeria. More than 20.6m Beetles have been built and 8m are thought still on the road.

Dutch defence call

The Dutch State Secretary for Defence, Mr Jan van Houwelingen, has added his voice to the call for higher defence spending urging e 3 per cent increase in 1987 instead of the planned 2 per cent, writes Laura Raun in Amsterdam. He was echoing Mr Job de Ruiter, the Defence Minister, who wants more money to replace some nuclear weepons with "new technology" armaments.

Austria's foreign debt rises again but at slower rate

BY PATRICK BLUM IN VIENNA

AUSTRIA'S foreign debt continued to rise last year but at a slower rate than before, although debt servicing and interest payments are increasing uncomfortably according to Finance Ministry figures.

Net debt at the end of last year had increased by Sch 53.6bn (£1.97bn) to Sch 469.8bn (£17.3bn), up by 12.9 per cent from 1983. The report by the Ministry's debt committee stresses, however, that this was the lowest increase since 1974 and considerably less than the Sch 74.6bn or 21.8 per cent increase in 1983.

Debt servicing and interest payments are continuing to rise. The former rose to Sch 66.6bn to represent 15.3 per cent of government expenditure compared with Sch 52.9bn or 13 per cent a year earlier. This is expected to rise by more than 11 per cent this year to Sch 74.3bn, representing about 16 per cent of expenditure.

Interest payments are expected to follow a similar pattern, having risen from Sch 26.3bn representing 15.1 per cent of government revenues in 1983 to Sch 32.5bn or 16.8 per cent last year. This year they are expected to come close to Sch 40bn representing about 19 per cent of government revenues.

According to Prof Helmuth Frisch, the debt committee chairman, the federal debt increased by 10 per cent to Sch 517.6bn in the first six months of this year.

The structure of the debt has been changing, with the share of the foreign debt falling from 30.2 per cent in 1983 to 25.3 per cent, while the domestic share rose from 69.8 per cent to 74.7 per cent. There has also been a move towards greater bank borrowing and away from securities, partly as a result of the general lack of enthusiasm in the capital market.

For the first time since 1973, the Government was able to make premature redemptions on its foreign debt thanks to high liquidity. It also benefited from gains on exchange rates

Danish interest rates cut

BY HILARY BARNES IN COPENHAGEN

FOUR LARGE Danish banks are to cut their lending rates by 1 per cent within the next few days, and other leading banks are expected to follow.

The lower rates announced by Privatbanken, Copenhagen Handelsbank, will effect mainly consumer credits and normal overdrafts, which will now cost 11-13 per cent.

A notable feature of this summer's fall in interest rates is that the markets have taken no notice of Denmark's worsening current account deficit, which reached first half record figure of DKr 12.7bn (£912m).

Alan Friedman reports from a city divided by its traffic problem

Milan at odds over car clampdown

MILAN was the site recently of a minor urban crisis which had nothing to do with exchange rate mysteries, corporate intrigue or the latest war of words between the city's sharp-tongued fashion set.

The cause for pause was an unprecedented series of rows between irate motorists and police, who have been handing out hundreds of traffic violations and towing eway hundreds of cars before Milanese drivers have even woken up to their capuccino.

The reason? The beginning of e new city programme for closing the historic centre to traffic, a policy which received the approval of 70 per cent of the voters in a recent local referendum. The new clampdown on cars parked within the city centre—which includes the areas surrounding the Duomo (cathedral), the Piazza Scala (site of the opera house), the 15th century Castello Forzesco and the elegant shopping district of Via Montenapoleone—has caused nothing short of a revolution.

This city of 1.7m has been divided, between smog-hating (and well heeled) residents of the *Centro Storico* and those Milanese who are not among the 107,000 people who actually live in the centre and must commute instead to work at the many banks, companies, stockbrokers, shops and restaurants.

The initial phase of the city programme is to simply ban all non-essential traffic during the morning hours of 7 am to 10 am from Monday to Friday. This is supposed to be followed by tougher measures in the Autumn. But already the limited measures have provoked an outcry from motorists.

Some 36,000 cars and vans have received special permission to ignore the ban on traffic — these include taxis, delivery vehicles, ambulances.

There have been dark hints, dropped at dinner tables around town, that a number of the cars exempted from the ban might have somehow provided local officials with "sweeteners"

One fashion journalist complained she could no longer park her car outside her flat in a narrow and winding alley in the centre of town. "At seven in the morning they'll tow it away," she moaned.

A banker complained that the new regulations "could have an eventual impact on our social patterns of behavior." What he really was saying is that no longer will the euthorities tolerate the outrageous parking methods more common to Neples or Rome, where cars are left double or treble perked, pitched up on pavements, blocking driveways and such.

Milanese shop owners are as divided as thair customers about the situation. There are those who think more freedom for pedestrians will be good for business and those who defend the right of every Milanese to screech to e halt in front of a shop and dash out leaving the BMW in mid-street.

As for the police, they thought they had seen the back of hard work when the EEC summit ended on June 29, finally unsnarling record traffic jams and ending the deafening roar of helicopters circling overhead. "now we have to work double-time, in this heat, and everybody hates us," complained one patrolman

Last weekend saw e temporary truce between motorists and police, as the city emptied for the start of August holidays. Thus there is the prospect of a break in vehicular hostilities, which does not mean that the tenacious Milanese have accepted defeat. It is just that they have all driven off to Portofino.

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Kalgoorlie wipes the gold dust off its boots and celebrates

BY MICHAEL THOMPSON-NOEL, RECENTLY IN KALGOORLIE, WESTERN AUSTRALIA

FOR ALL its beer and bawdiness, Kalgoorlie, tho epicentre of the current Australian gold-rush, was in a straitlaced mood. There was little roistering or fisticuffs — just a dinner-dance hosted by Pancontinental Mining in nearby Boulder town hall, to mark the official opening of Australia's newest and sixth-biggest gold mine, Paddington 1.

The town hall is normally used for balls and fontball colcbrations and was decked out for the dance last weekend in blue and white streamers, fairy lights and Christmas balloons. There was a mighty river of drink, plus a pimpled rock band that must have been pickled in the late-1950s.

For out-of-towners, most of whom had arrived by private jet, tha main risk was in being mobbed by miners' wives, one of whom regularly descended on me with the speculative cry: "Hello darls, how's the little reporter?"

In recent weeks, Australian gold shares have yo-yoed in response to developments in South Africa, as well as to fears that the Canberra Government might introduce a tax on gold prodnction. This proposal sent e shiver of rage through the Western goldfields, which account for more than 80 per cent of Australian production.

At the opening of Paddington 1, fears about the tax were smoothly dampened by Mr Brian Burke, the Labor Premier of Western Australia, who also used the occasion to announce federal Government approval for development by the Perth Mint of an Australian bullion coin to rival the Krugerrand.

"Initially," said Mr Burke, "we will be seeking abont 10 per cent of the world market in bullion coins, between 200,000 and 500,000 coins." That would provida an important new outlet for Australia's gold and generate more jobs.

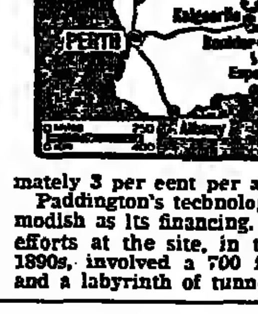
As for the tax, it could have cut e swathe along Kalgoorlie's Golden Mile and in the bush, where old ghost towns are springing back to life. Last week, tha Australian Gold Index achieved a record high.

"Canberra is full of third-generation bureaucrats," claimed a mine manager at tha dinner-dance. "Why sbould they put a tax on gold? Go to Canberra and they've got a hospital or a mental institution on every other corner for those neurotic civil servants. Why sbould they get mere and more when the people in the bush bave nothing?"

Tbe same informant was equally contemptuous of gyrations on the stock market: "Ninety-nine per cent of all Australian mining companies don't own a pick and shovel," he declared. "I always say, 'If one man makes a dollar on the stock market, somebody bas to lose one—plus something for the broker.' It's the stock market that gives mining a bad name."

His remarks obviously excluded his own employer, Pancontinental, which is also involved in oil, gas and coal (Including a gas field in Alberta, Canada). It's bigh-grade Jahiluka uranium deposit in Australia's Northern Territory is at presenl blocked, bowever, by wbat it calls "an absurd federal Government policy which artificially limits uranium mining."

Paddington I is north of Black Flag Lake, 34 kilometres out of Kalgoorlie, and cost A$34m (£17.7m) to develop, financed largely by a newish loan technique. Pancontinental borrowed bullion from Westpac Banking Corporation, repayable in gold from Paddington over four years at an effective borrowing cost of approximately 3 per eent per annum.



Paddington's tecbnology is as modish as its financing. Earlier efforts at the site, in the late 1890s, involved a 700 ft shaft and a labyrinth of tunnels inlo the heart of the gold-bearing ore wbich yielded about 60,000 ounces over several years.

Today, open-cut mines like Paddingtoo use massive excavating equipment and carbon processing plants, so that even at an average grade of 3.2 grams of gold per tonne, tbe estimated 8.4m tonnes of paydirt at Paddington I and II (so far underdeveloped) should yield good profits.

Produrtion at Paddington I is an estimated 92,000 oz annually, against a stated total wbich is expected to reach 2m oz annually in the next two years, some from new deposits, some from old. All of them are rendered increasingly attractive by the relativa firmness of the bullion price and the rerent slide of the Australian dollar.

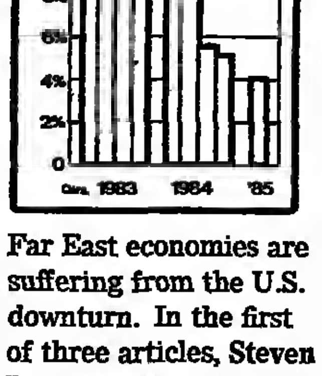
This year, the stale has opened four big mines, witb at least 12 lining up, including Mount Percy, Blue Bird, Golden Crown and Westonia. Kalgoorlie, with its pubs, gambling end oight-time pleasures, is booming once more.

The rules are straightforward. "I and the wife have an understanding," said my managerial informant. "If that son of mine ever publisbes a line of poetry or paints a picture, he will get a brulsed lip. He is going to be a scientist and a fontie (football) player. A geologist or a metallurgist: something like that."

Just then, a shadow loomed across the table. "Hello darls. How's the little reporter?"

Seoul's persistent economic optimism takes a hefty knock

Far East economies are suffering from the U.S. downturn. In the first of three articles, Steven B. Butler reports on the problems facing South Korea



THE PERSISTENT optimism of Mr Shin Byong-Hyun, South Korea's Deputy Prime Minister for economic planning, was cracked wide open when he announced recently that Korea was setting its sights on 6 per cent economic growth for the yaar, well below the nation's original 7.5 per cent target.

Mr Shin also introduced a package of measures to stimulate the economy, inclnding improved terms to finance exports, and financing and tax breaks for investment in export industries.

His announcement came after months of disappointing export results. On a customs clearance basis, exports fell 4 per cent during the first six months; economic planners had been counting on a 13 per cent growth in exports for the year.

Economic growth in the first quarter was 4.1 per cent, after expanding at 7.6 per cent last year. Mr Shin said be expected growth in the first half of 1985 to fall below 5 per cent.

The current account deficit already passed $963m (£713.3m) in the first 6 months of the year, compared with an annnal target of between $500m-$700m. Capital spending is growing at 5 per cent annually.

Many countries would be delighted with a 6 per cent annual growth rate, but South Korea it is a disappointment. Average annual growth since 1960 has been 8.7 per cent. Furthermore, the population is very young: economists estimate that the economy needs to grow at about 7 per cent to absorb the continuous atream of new entrants into the job market.

Already, Sonth Korea's manufacturers have begun to lay off workers, even in high growth sectors as electronics.

There is little doubt about the main cause of the slowdown: sluggish growth in Korea's main export market,s the U.S. and Japan. Koreans also say they have been hurt badly by rising protectionism.

However, beyond this there is a increasing debate about who is responsible and what to do. Businessmen say that while the Government has successfully controlled inflation, excessively tight controlo var the money supply has chocked off capital investment needed to update facilities. The result is reduced competitiveness of Korean exports.

"We have already lost our vitality," says Dr Kon Suk-mo, directiro f economic research at the Federation of Korean Industries.

Dr Koo says that it is already ton late for cosmetic measures priming to demedy the problem: what is needed is a serious reform of tax laws to encourage investment and a major effort to reduce intarest rates. The Government has steadily increased bank interest rate tn improve bank profits and encourage eavings, forcing businesses to pay as much as 13.5 per cento n some bank loans, while the underlying inflation rate is under 3 per cent.

Dr Koo also says the Government's programme of gradoal import liberalisation has frightened many businessmen away from investing in new facilities for fear that foreign competition will put them out of business.

Private business groups welcomed the Government'a packageo f economic stimulants last month, but called for even stronger measures.

The Government, although unhappy with tha slower-than-expected growth, is less alarmed than the private sector. "If we want a high growth rate, we can get it," says Dr Suh Sang-mok, vice-president of the Korea Development Institute, a Government - sponsored think tank.

But an increase in Government spending or letting the reins go on the money supply could spark more inflation that would undo many years of Government restraint. "Price stability is finally beginning to have an impact on the economy in the form of more savings," says Dr Suh.

South Korea's rate of national savings has risen steadily to 27 per cent from about 22 per cent in 1980. The low rate of savings compared with investment has been a major reason for high foreign borrowing.

Government stimulation of the economy would also increase the demand for imported goods, pushing up the current account deficit even further and forcing Korea to borrow more abroad. With foreign debt already more than $44bn, few believe the international hanking community would react favourably.

Government economists expect some improvements in the second half nf the year. The very high growth rates of early 1984 tends to exaggerata the extent of the slowdown this year and the slower growth in late 1984 will in turn boost the second-half totals this year.

Others are still doubtful. Arrivals of letters of credit, which might herald better exports have not yet shown any improvement. One foreign banker says that merchandise orders are still sluggish and thet most companies are already bighly liquid, indicating that a shortaga of cash is not the problem.

Australia draws up sanctions

By Michael Thomson-Noel in Sydney

THE AUSTRALIAN Government decided yesterday on a range of commercial and trada sanctions against Sonth Africa, but will neither specify nor invoke them until after President Botha's expected statement in Natal on Thursday.

Mr Bill Hayden, Australia's Foreign Minister, said the measures would not be announced until Canberra had studied Mr Botha's speech which is expected to contain reforms of tha apartheid system. Tha decision to delay implementation of the sanctions followed recommendations by the U.S. and UK.

Mr Robert Birch, Australia's Ambassador to Sonth Africa, is due to return to Pretoria from Canberra next Sunday.

Mr Hayden said recently that Australia planned to strengthen its stand against South Africa's apartheid policies. However, the Government stands to be seriously embarrassed by plans for a rebel Australian cricket tour of South Africa by some leading players later this year.

"We will evaluate whether or not President Botha's proposals offer a realistic basis for a peaceful settlement of the situation in South Africa and are likely to be accepted by the majority of the population," said Mr Hayden.

● A Welsh rugby union team arrived for a three-week tour of South Africa yesterday despite pressure from anti-apartheid groups to call off the trip, Reuter adds from Johannesburg.

"There was pressure from many anti-South African movements. But all along we decided the tour would gn ahead," Mr Arthur Rees, on political aspects of the tour. There hava been increasing international calls for an end to all sporting ties with the republic and a planned tour by the New Zealand rugby All Blacks was scrapped recently after legal action.

Soft spoken lawyer wins power for black workers

Paddi Clay profiles Cyril Ramaphosa, general secretary of the National Union of Mineworkers

THE BLACK National Union of Mineworkers (NUM), whicb claims to represent almost one-third of gold mining employees in South Africa, bas dramatically shifted the power balance between employers and labour since its establishment in 1982.

Many employers conclude that one man, general secretary Cyril Ramapbosa, is responsible for this. Mr Ramaphosa, a soft spoken lawyer, is fighting a difficult hattle in drawing the distinction between the NUM and what he derisively describes as "this personality called Ramapbosa."

As general secretary since its inception of the fastest growing and most important black union in South Africa, Mr Ramaphosa bas been the focus of attention as the man who conveys the feelings and needs of black miners. And as the August 25 deadline for what the NUM believes will be a strike of 240,000 miners, draws near, Mr Ramaphosa bas no chance of escaping the spotlight.

However, be is a careful man, Conscious thet managements and the public foster the notion that the NUM is being led from the front hy uninn officials. Mr Ramaphosa pedantically parries questions as to "his" actions with diligent references to "the union" and "our members."

He is a controlled speaker, skilled at speaking off tbe cuff and answering thorny questions without giving away more than is necessary. He is also extremely adept at implying just what he wishes to imply and no more, revealing just enough to be sincere without revealing the union's tactical band.

Despite Mr Ramapbosa's high profile in the media, with managemeots and the general public, tha union president, Mr James Motlatsi, remains the important figure for NUM members, with Mr Ramaphosa es the "work-horse" administrator.

Mr Motlatsi is a former mineworker and strike leader, wbo bas risen to a white-collar role as personnel manager at Western Deep Levels Mine. Like 40 per cent of the NUM membership be is a foreign immigrant worker and, like the majority of miners, lives separated from his wife and children in a mine compound for single men.

As president responsible for keeping the union members within tbe bounds of the constitution, be is reputed to be a strong controller, eapable of managing mass multi-lingual meetings of members. Yet it is Mr Ramaphosa who is thrust out front and the better known.

This may be partly due to the fact that Mr Ramapbosa is a past master at bandling the media, but in part may be ascribed to the fact that outside the mining communities the mineworker is a little-known, seldom-seen person.

Housed as they are in elosed communities cut off from the mainstream of society and returning at the end of employment cootracts to bomes in remote rural areas or neighbonring countries, the black mineworkers have remained unknowns.

The formation of a long-awaited black mineworkers' union in 1982 gave the workers an opportunity to define their contribution and become an active force in the mining industry.

Mr Ramaphosa, aged 33, bas never been a miner. He is a lewyer and an urbane and charming man with a precise end even-toned manner of speerh. He studied at Turfloop, the black University of the North, during the growth years of black consciousness.

In 1974, when he was a member of the black Sonth African Students Organisation (Saso), be was detained for almost a year in one of the many round-ups of blaeks who expressed even the most remote opposition to government. His later extra-mural studies through the University of South Africa (Unisa) were interrupted in 1976 hy another period of detention, this time for six months.

Strangely, altbough detention may have had a politicising effect on the private views of Mr Ramaphosa, be has chosen a eareer working strictly within the system, and although he has forsaken a law career for trade nnionism he has brought all his legal training to bear.

The union follows all the procedures laid down by the law and, when strategically important, it does more than it needs. The recent balloting of mineworkers on strike action was not legally necessary but probably served a number of strategic purposes.

Mr Ramaphosa says the NUM wishes to adhere to the concept of worker control, whereby all decisions are taken by workers and "not some personality." The workers, he says, must give instructions to the officials.

However, the union is often hampered in this, be says, because the industry refuses to grant the union and shaft stewards the facilities to get the workers' mandate. In some cases shaft stewards have had to canvass mineworkers for their opinion individually "and this is not good."

Mr Ramaphosa's attitude towards unionism is perhaps best summed up by his views on elosed shops. "Closed shop union officials become fat eats, earning good salaries aod never doing anything for their members. We chose to remain the way we are, in that if we officials don't serve our members they will resign."

Sri Lanka peace talks resume

COLOMBO – Police went on alert to head off possible guerrilla attacks in Sri Lanka as peace talks resumed yesterday in an effort to ease the communal violence.

Officials said police had received reports that guerrillas were planning to attack the Sri Lankan capital and its outskirts to sabotage the talks being held in the Himalayan kingdom of Bhutan.

A senior Bhutanese official said the second round of talks between representatives of the Sri Lankan Government, five major militant groups and Tamil leaders started this morning in Thimphu, the Bhutanese capital.

The talks are aimed at resolving conflicts between minority Tamils and majority Sinhalese which have resulted in more than 2,000 deaths in the past 10 years.

The first round of talks in Bhutan last month failed to make any progress.

Security forces throughout the country were alerted two days ago to head off any guerrilla attacks, but 31 people died in ethnic clashes in northern and eastern areas over the weekend.

Security sources said a time-bomb was found in a train arriving in Colombo from the northern city of Jaffna, the stronghold of guerrillas fighting for a separate Tamil state.

They said the bomb was set to explode at Colombo railway station during the rush-hour two hours before the Thimphu talks were due to start. It would have caused heavy casualties and damage if it had gone off.

Fourteen people, including five policemen, were killed in clashes in the northern town of Vavuniya on Saturday.

Eleven Tamils in two refugee camps in northeast Trincomalee district were killed by unidentified gunmen on Saturday.

The shootings were possibly a reprisal for the killing of three Sinhalese women and a child two days ago in the same district which has a mixed population of Sinhalese, Tamils and Moslems.

Tamils, who form 12.6 per cent of the population, are demanding a separate state in northern and eastern provinces where most of them live.

President Junius Jayewardene has proposed resolving the conflict by shifting power to provincial units to allow Tamils more local autonomy in areas where they are in the majority.

Reuter

Poisoned sweets group ends extortion campaign

OSAKA – A group calling itself the "Man with 21 faces" whicb poisoned sweets in Japanese shops declared yesterday that it was calling off a 17-month extortion campaign against food and sweets manufacturers in Japan.

"We are going to stop bullying food companies," the group said in a statement addressed to the Japanese parliament. The letter, which was delivered to the offices of four oewspapers in Osaka, was the first received from the group since April 4, wben it sent a taunting letter to the police.

On February 27, in a letter left inside a police box in Osaka, the group said it had become "fed up" with a campaign to extort money from Morinaga and Co., a major sweeis manufacturer.

The group has also blackmailed five other food and sweets manufacturers. Police say no money changed hands.

The extortion campaign started in March last year when a group of three masked men kidnapped Mr Katsuhisa Ezaki, presideot of Ezaki Glico, and asked for Y1bn ($4.2m) casb and 100kg of gold bullion in ransom. Mr Ezaki escaped unbarmed after three days io captivity.

The extortionist group, which took its name from a popular Japanese television series in the 1950s, placed doctored sweets, coated with sodium cyanide, a deadly poison, on shelves in stores early this year.

A massive police bunt followed but so far no arrest has been made.

Agencies

Suspicions grow of French role in sinking of Greenpeace ship

BY DAVID MARSH IN PARIS

SUSPICIONS are growing in France of involvement of the French secret service in the murky events surrounding the sinking in Auckland harbour last month of the Greenpeace vessel Rainbow Warrior.

A series of French newspapers including Le Monde bave established e link between French intelligence and the two people, Alain and Sophie Turenge, arrested by New Zealand police in connection with the bomb attack which killed a pbotographer/crew member on the ship.

France's state-owned radio said the couple, who were arrested carrying false Swiss passports, were under orders to carry out surveillance of the Rainbow Warrior, which was ou a tour of the South Pacific to protest against Franco's atomic tests at Mururoa in Polynesia.

The radio reported that the couple's cover bad been "blown" to the New Zealand police by Britain's MI6 counter intelligence agency as e means of discrediting France's image in the region.

Mystery, however, continues to surround whether the couple were connected directly with the raid on the ship. The French media are reporting that responsibility for this may lie with other French nationals who journeyed to New Zealand last month on board a chartered boat, tha Ouvea.

The Ouvea, which moored elose to the Rainbow Warrior before the attack on July 10, was thought to have sailed from New Caledonia.

In Paris, Mr David McTaggart, tha president of Greenpeace, said ba had been promised a meeting with President Francois Mitterrand, wbo last week launched a top level inquiry into the affair.

AP adds from Paris: Mr McTaggart said yesterday that three men sought on murder and arson charges in connection with tha bombing of the Rainbow Warrior flew to an unnamed African country last week.

Mr McTaggart said the men, who allegedty brought explosives and other equipment from the French territory of new Caledonia to New Zealand before the sinking of the ship, flew from Paris to Africa on Wednesday.

Sandy Southon-Perry reports from Wellington: Security on New Zealand's coastline is to be strengthened following the Rainbow Warrior sinking, Mr David Lange, the New Zealand Prime Minister said yesterday.

Mr Lange said the possible involvement of foreign agents in tha incident could become an international lagal issue. "If it is established in respect of the Rainbow Warrior incident or any other incident, that a foreign government has been behind it, then it becomes a matter for government-to-government action and principles of international law are invoked," he said.

Philippine opposition calls for Marcos impeachment

OPPOSITION members of the Philippine Parliament will file e resolution today—calling for the impeachment of President Ferdinand Marcos, a leader of the group said yesterday, Reuter reports from Manila.

Mr Homobono Adaza said tha resolution and its accompanying "complaint" allege culpable violations of the constitution, high crimes and graft and corruption. He said it would be introduced into the National Assembly for consideration by the Committee on Justice, Human Rights and Good Government.

The resolution is given little chance of surviving in an assembly dominated by Mr Marcos's New Society Movement (KBL), which bas 115 of the 183 elected seats plus a dozen appointed members. But it appears to be sufficiently worrying for Mr Marcos and the ruling party to consider dissolving parliament and having the President resign and

Former Congressman Raul Daza arrived home to a warm welcome in Manila yesterday and said he was ready to join the struggle to restore democracy in the Philippines. Several hundred supporters, including opposition National Assembly members met Mr Daza, 50, who faces charges of subversion in connection with e series of bombings in Manila in 1979.

Israelis to set free 100 Lebanese

By Our Tel Aviv Correspondent

ISRAEL WILL today return to Lebanon a further 100 or so Lebanese from Atlit prison near Haifa, leaving some 240 still in detention.

The mostly Shi-ite detainees were previously incarcerated at Ansar camp in southern Lebanon, but 1,200 were brought into Israel when the Israelis withdrew sonth and abandoned the area.

The release of all the Lebanese held by Israel was demanded by the hijackers of the TWA jet et Beirut airport in June, but Israel has insisted that it will release them in batches, as originally intended.

AMERICAN NEWS

Poll shows Bush leads in race for nomination

By Reginald Dale, U.S. Editor in Washington

VICE-PRESIDENT George Bush has a substantial head start in his expected bid for the 1988 Republican presidential nomination, apparently thanks largely to his close White House connection with President Reagan, according to a survey of potential presidential candidates published yesterday.

The Washington Post-ABC News poll showed Mr Bush making a considerably more favourable impression on the general public than any of the 11 other leading Democrats and Republicans put to the test, except for Mr Reagan himself.

For the Democrats, Senator Edward Kennedy of Massachusetts made the strongest showing, with a 55 per cent favourable rating. But be also had the biggest negative reaction, 33 per cent, except for Mr Jesse Jackson, who rated 41 per cent unfavourable against 43 per cent positive.

A wild card in the Democratic contest was Mr Lee Iacocca, the chairman of Chrysler, who has sometimes been mentioned as a possible candidate. He has denied that he has presidential ambitions. Although more than a third of the respondents said that they did not know enough about him to form an opinion, he scored 49 per cent favourable against only 15 per cent negative.

On the Republican side, Mr Bush had a 59 to 28 per cent positive rating, against 65 to 31 per cent for Mr Reagan, and much greater name recognition than other possible candidates such as Senator Robert Dole of Kansas or former Senator Howard Baker of Tennessee.

Tha pollsters said, however, that most people's rating of Mr Bush depended on their view of Mr Reagan. They warned that Mr Bush's high ratings could fall "when Reagan steps away and the other candidates home in on Bush."

Among the Democrats, Senator Gary Hart of Colorado, the beaten contender for last year's nomination, ran second to Mr Kennedy among the politicians, with a 47 to 22 per cent favourable rating. As for Mr Kennedy, the pollsters cautioned that he has always done best in surveys when people are not thinking about elections. Once he enters e race, people remember the 1969 Chappaquiddick incident, in which a young female passenger in his car was drowned.

Terry Dodsworth examines prospects for the chemical company after a second disastrous gas leak

Spectre of Bhopal haunts a troubled Union Carbide

THE SERIOUS gas leak at the Union Carbide toxic chemicals plant in Institute, West Virginia, could hardly have come at a worse moment for the company. Eight months after the similar, but more devastating accident at Bhopal in India, the company was not only beginning to return to normality, but was also giving signs of coming to grips with its deep-seated industrial problems.

For years, Union Carbide has been a favourite *Bête Noir* of the community of Wall Street analysts. Throughout the 1970s, investors watched the company promise tha world, but do little about its lagging investments in the petrochemicals, carbide and metals sectors.

When the group built e new fortress-like headquarters building in the isolated woods of southern Connecticut, it seemed to many like a perfect symbol of an organisation which had lost its wey—remote, cut off, and turned in on itself.

The trauma of the Bhopal disaster, however, shook the company in a way that the criticisms of Wall Street had never done. Its affairs were forced under the spotlight, its executives had to come out into the open, and its complacency vanished overnight.

Mr Werren Anderson, Union Carbide's courtly chairman, returned from o visit to India with the poignant observation that the rest of his working life would be devoted to sorting out the Bhopal problem. He set in motion a management reorganisation designed to bring newcomers into day-to-day executive jobs.

Wall Street has convinced itself over the last few months that these hints of action were really leading somewhere. The shares, knocked down to $32.75 in the wake of last December's Bhopal news, have recovered dramatically, rising to $50.75 last Friday before the accident at Institute occurred.

Even if the company failed to make the right moves, many analysts argued, the investment in Union Carbide was a legitimate speculative play, since several well-known corporate predators are said to have begun assembling blocks of shares. Mr T. Boone Pickens, the Texas oilman who has brought off many share raiding coups in the last two years, is supposed to have moved in, along with the Bass brothers of Dallas and the GAF chemicals conglomerate.

> 'They have to get rid of their weaker divisions, come to a settlement on Bhopal, and buy back some of their shares to get the price up'

For these sort of investors, who frequently move against companies in the hope of triggering an offer from e third party, Union Carbide looks like a typical prey—a company suffering from inertia, overstaffing and a share price which, even at its improved level, still stood at $20 under the book value of the shares on break-up.

As the vultures circle, Wall Street believes that Union Carbide has a clear choice of action. "It does not take a rocket scientist to work out what they should do," says Mr Peter Butler, of Paine Webber, the New York securities firm.

"They have to get rid of their weaker divisions, come to e settlement on Bhopal, and buy back some of their shares to get their share price up."

These prescriptions fit the conventional wisdom on the restructuring of industry in the chemicals sectors, several companies have taken hefty write-offs in the last year to the general approval of the investing public, which has seen the moves as a sign of managerial strength rather than industrial weakness.

Union Carbide recently has stressed its growing interest in its consumer, industrial products and service activities, acquiring businesses in automotive equipment (it already owns Simoniz Waxes) and household products.

Only e month ago, it restructured its opereting companies under two main divisions, grouping together all its service-related businesses on one side and the oil chemicals and plastics on the other. Many observers immediately inferred that this was the first step towards setting up the chemicals operations as a saleable group.

Union Carbide has also moved to strengthen its takeover defences. In e first step, it has insulated its overfunded pension plan—companies have been raided in the past for the spare cash in such schemes—by making sure that the excess funds will go to the scheme rather than raiders.

Secondly, it has made it much more difficult for outsiders to call board meetings and establish e quorum for bringing pressure on directors. It is expected that, if Union Carbide makes some successful divestments, it will use the cash to buy in shares in order to push up the price and make the company less attractive to the raiders.

Angry demonstrators gathered outside Union Carbide's Manhattan offices last December

Without a settlement of the bitter litigation over damages to victims of the Bhopel disaster, however, the reorganisation being advocated for the company would not be sufficient to put it securely back on the rails.

At times over the last six months or so, Union Carbide has seemed to be on the edge of e breakthrough in its strategy of trying to come to a settlement directly with the Indian Government, rather than through the courts, but talks heve repeatedly broken down, with Union Carbide officials complaining privately that tha Indians are not interested in genuine negotiations—and that the company can get no clear commitment that the funds will go only to the victims.

The betting on Wall Street is that the direct negotiations should eventually succeed, although they may well be a long-drawn-out process. They will also involve e fairly hefty charge, since the company's insurance policy is unlikely to cover the settlement (figures of between $200m and $600m ere being openly bandied ebout) against the company's supposed insurance cover of around $200m.

The danger is that the gas leak in West Virginia will absorb mnagement in further fire-fighting on the safety front when it has all these other preoccupations on its plete. Tha vulnerability of the company was immediately underlined yesterday, when the shares fell sharply by $1¼ to $48¾ by midday.

"The accident is an operation rather than a managerial blunder," said one analyst yesterday, "but it reinforces the impression of an eccident-prone management with little public credibility.

Upjohn in bold move to beat baldness

By William Hall in New York

UPJOHN, the U.S. pharmaceutical group, is to build a $23m (£17m) facility to produce an anti-baldness drug, which some Wall Street analysts believe could become one of the fastest selling drugs in tha world.

News that the Michigan-based pharmaceutical group is going ahead with its plans to make a substantial investment in a new facility leaked out following its application for tax relief on the construction of the new plant in Kalamazoo, Michigan, Upjohn's home town.

The new drug, which still has to be approved by the U.S. Food and Drug Administration (FDA), is a version of Upjohn's Minoxidil, a patented hypertension drug.

One side effect of the drug, which has led to sizeable sales already, is that it seems te be to stimulate hair growth in bald people.

Upjohn says that preliminary analysis of its research data shows that patients treated with Topical Minoxidil exhibit approximately one third with acceptable hair growth, one third with vellus (fine) hair and one third with no perceptible results.

So far no significant side effects have been detected and tha company plans to file a new drug application with the Fda before the end of 1985.

Mr Ron Nordmann, a pharmaceutical analyst with Paine Webber, is one of several Wall Street analysts who believe that the successful introduction of the preparation to cure baldness could rtnasform Upjohn into one of the world's fastest growing drug companies.

Over 30m American men and 20m women are said to be bald but the potential market is believed to be considerably larger among younger people who fear going bald.

As word has spread about the impact of Minoxidil, people have been buying hypertension pills and crushing them into powder which they then mix with liquid and apply to their bald spots. According to Mr Nordmann, peopla have been spending up to $100 a month buying the pills for their baldness.

Caribbean islands left stranded by World Bank

BY CANUTE JAMES IN KINGSTON

SEVEN SMALL eastern Caribbean islands are attmepting to persuade the World Bank to reconsider changes in their credit status which have left them without access to any of the institution's resources.

The seven—Antigua, Montserrat, St Kitts-Nevis, Dominica, Grenada, St Lucia and St Vincent—have been promoted by the World Bank out of the category of countries which have eccess to interest free soft loans.

They are not, however, considered credit worthy enough to gain access to the Bank's ordinary commercial resources.

It is not so much the graduation which has angered the countries, which make up the Organisation of Eastern Caribbean States, e sub-group of the Caribbean Economic Community, but the fact that the basis of the move is their reported per capita income. This has now exceeded the $806 (£592) ceiling for gaining access to world Bank soft loans.

The island nations have asked the World Bank to get them out of this financial no man's land, but with little effect.

Caribbean Government officials say the Bank's action does not take into account the economic reality facing small island nations. They argue that the per capita criterion is misleading when applied to countries with populations of not much more than 100,000. Mr Lestrade said the size of the islands had produced a distorted image of their economies, which were in reality very fragile, and easily devastated by natural disasters such as hurricanes.

The OECS is attempting to interest the international financial community in getting the World Bank to establish a third window to enable countries like those in the Caribbean to have access to a half-way house between the soft and commercial loan windows.

"There is now a strong argument for the creation of this new window, not only for OECS countries, but also for other poor countries in a similar dilemma, Mr Lestrade said.

Castro call on debt rejected

PRESIDENT Jaime Lusinchi of Venezuela says he rejects the Cuban president's proposal to repudiate Latin America's debt, although he supports efforts to ease the repayments burden, Reuter reports from Caracas.

Sr Lusinchi, speaking in Valencia said Sr Castro's proposals apparently contradict the policy adopted by his own Government.

Sr Lusinchi said Venezuela supports the 11-nation Cartagena group.

WORLD TRADE NEWS

French groups sign FFr 2bn contract for Caracas metro

BY DAVID MARSH IN PARIS

A GROUP of French civil engineering and transport equipment companies has e signed a FFr 2bn (£166m) contrect to cerry out further work on building the Caracas metro, ending doubts that the project could be shelved because of Venezuela's financial difficulties.

The contract was signed last weak in Caracas with the French Frameca consortium, headed by the SGTE engineering group.

This followed interruptions to civil engineering work on building the second line of the metro, which became apparent in 1983 because of financing problems.

The French Government has authorised new export credits to allow companies in the Frameca consortium to corry out construction work on new stations and tunnels originally planned to be built by Venezuelan concerns.

Frameca won the original Caracas metro contract in 1978. Building work on the 8.6 km second line will be carried out by Spia Batignolles along with other companies including Société Générala d'Enterprises and Société Auxiliaire d'Enterprise.

Philippines businessmen warn on freer trade

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINES' business community has expressed opposition to the Government's current thrust towards more trade liberalisation for fear it would precipitata enother foreign exchanga crisis end derail the economic recovery programme.

Most imports are to be freed from Government controls starting this week, when international banks restore some $3bn (£2.1bn) in trade lines to the Philippines.

The revolving credit is part of the $10bn debt rescheduling package signed by the Philippines with international banks in May.

Today, the Philippines is scheduled to draw on the first tranche of the $925m new money, amounting to $400m. Last July 31, it drew the second tranche amounting to $106m of tha SDR 615m (£369m) standby credit from the International Monetary Fund.

The import liberalisation measures are among major conditions demanded by the IMF and foreign banks in return for support to the Philippines' economic programme.

Tha Philippines clamped down on imports in October 1983 when it ran out of foreign exchange and subsequently sought rescheduling of its $26bn debt.

But tha lifting of import controls, business leaders warned, might eroda foreign exchange resources again and aggravate the problems faced by local industries. They have set an emergency meeting on the issue for early next week.

Turkey, Iraq in trade talks

TURKEY and Ireq opened talks yesterday on ways to expand trade, which now totels $2bn (£1.48bn) a year, the semi-official Anatolian News Agency said, Reuters reports.

Mr Cahit Aral, Turkey's Trade and Industry Minister, said the talks would cover co-operation in mining and vehicle manufacture, and added: "Iraq wants to buy some commodities from Turkey instead of European countries and we are ready to sell them."

Mr Subhi Yassin Khadeir, Iraq's Industry and Minaral Resources Minister, said e Turkish delegation was in Baghdad to buy electricity for southern Turkish cities. Mr Aral said this would create en alternative to power which Turkey now buys from Bulgaria.

EEC locks China out of Irish bedrooms

By Ivo Dawnay in Brussels

IRISH officials must have slept easier last night in the knowledge that the European Commission has authorised a total ban on the Chinese invasion of their bedrooms.

A tide of cheap pyjamas and nightdresses from Hong Kong had threatened to engulf the Irish Republic's domestic nightwear industry which has suffered e loss of 7,100 jobs from its 1973 total of 24,000.

When Dublin noticed thet imports from the British colony had touched 150,000 units last year—a 12.5 per cent rise on 1983—enough was declared enough, and an appeal for special permission to enforce a ban on further sales was lodged in Brussels.

Yesterday's ruling means thet no further exports from Hong Kong will be allowed to Ireland until tha end of the year.

Filipino air accord

Philippine Airlines has signed an agreement with Vietnam to start services between Manila and Ho Chi Minh City, an airline spokesman said, Reuter reports. "Flights probably will be weekly to start with," he added.

Mitsubishi order

A Japanese consortium led by Mitsubishi Heavy Industries has won a Riyal 1.2bn (£240m) controct to build e power plant at Qurayyah in eastern Saudi Arabia, the official Sandi Press Agency said, Reuter reports.

Brown Boveri pact

Brown Boveri und Cie AG has won e contract to supply electrical components to the Shanghai-based East China Power Administration for its electricity network, the company said, Reuter reports.

Flight simulator deal

CAE Industries of Canada is completing negotiations for the sale of three commercial airline flight simulators worth around $25m (£17.8m), Our Montreal Correspondent reports.

The company expects to win the order against strong competition from Britain, West Garmany and the U.S., but would not identify the potential buyers.

Leslie Colitt reports on the latest Soviet-Polish talks on industrial co-operation

Moscow wants more trade with Warsaw

THE SOVIET UNION is pushing hard to expand long-term industrial co-operation with Poland, its largest but most troubled Comecon partner.

Top-level talks were held on the subject in Warsaw last week. Mr Vladimir Lakhtin, deputy chairman of Gosplan, the powerful Soviet planning commission, conferred with Gen Wojciech Jaruzelski, Poland's party leader, and leading Polish officials. Moscow has put forward several large joint projects which, if realised, would tie Polish industry more closely to the Soviet Union.

The Soviet Union is eager for such links to wean Polish industry away from what it sees as "misguided" overdependence on Western technology and markets. Moscow is deeply suspicious on political and economic grounds of the "western orientation" of the Polish economy.

Moscow is also keen to make up for shortfalls in its own industrial output. The Soviet shipbuilding industry, for example, is so busy providing vessels for the country's fast-expanding navy that a major proportion of merchant ship requirements have to be met from outside.

The talks centred on the Polish shipbuilding industry, which has already undergone a decisive shift towards the Soviet market after a sharp fall in orders from the West.

Moscow is now offering to sign contracts for 10m deadweight tons of Polish ships over five years—a quantity equal to the combined 2m tonne annual dwt output of all Poland's shipyards.

To fulfil such a huge order, as well as meet the needs of the Polish merchant fleet and some Western orders, it is estimated that Poland would have to expand its ship production by some 50 per cent.

This would require enormous investments, according to the Poles, including a considerable amount of money from the Soviet side. A portion of this would have to be in hard currency to pay for electronic equipment and other components imported from the West.

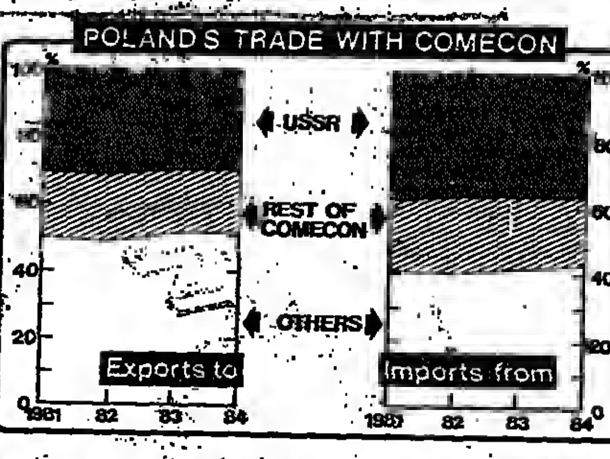
Soviet officials are said to have noted that if Poland is not interested in the offer, they will go elsewhere, possibly even to the West.

On several occasions in the past, Poland has turned down Soviet offers of large-volume, long-term industrial agreements. Wersaw was afraid that Soviet demand might alter after a few years, leaving newly built Polish factories without a market.

In the late 1960s, Moscow wanted Poland to produce more than 1m kitchen ovens annually after buying 400,000 units a year from a new Polish plant.

But the Poles refused because they were afraid of being left with a white-elaphant plant if the Soviet housing programme was suddenly cut back.

Poland is now dotted with surplus plant capacity erected with Western technology but with only the faintest hope of ever selling its products in the West, the most striking examples of which are in the paper, chemicals and light industry sectors.



The Soviet Union also approached Poland in the late 1960s to build 200,000 diesel engines a year for the Kamaz truck, which would have required buying a licence in the West. Poland's counter offer to turn out 20,000 engines annually was rejected by the Russians.

Today, with Poland's debt to the Soviet Union of some 5bn transferable roubles (£4.3bn) and underused plant capacity, a growing body of thought within the Polish Government is said to favour entering into such deals if the terms are right.

In addition to ships, Moscow wants to sign long-term contracts for Polish-made clothing and shoes. At last year's Comecon summit, the Soviet Union made it plain to its partners that if they want to continue getting current quantities of Soviet oil and natural gas, they must provide it with high-quality consumer goods and edvanced engineering products.

The problem with producing clothing in Poland for Soviet consumers is thet much of the cotton and wool needed would have to come from the West, as Soviet output is insufficient.

The possibility of jointly building a mill in Ethiopia has been raised, but the Poles are less than enthusiastic.

An alternative idea put forward in Warsaw is that a spinning mill which China has shown interest in having built by the Poles could provide the cotton needed for the Soviet-Polish clothing project.

The Soviet Union also wants Poland to produce traditional leather shoes for them, but the Poles would rather sell them athletic shoes, which they say are virtually bought off the feet of Polish visitors to the Soviet Union.

In addition, Moscow has expressed interest in buying large quantities of furniture from Poland. This would involve the construction of a new factory to produce laminated materials and upholstery. Again, the Poles note, joint investments are needed.

One recent joint Soviet-Polish project is being cited as proof that both countries can co-operate effectively on long-term industrial schemes.

Moscow has almost entirely financed e new coking plant at Katowice which is to deliver two-thirds of its output to the Soviet Union. In addition to covering the hard currency expenses, Moscow has shipped quantities of refrigerators and washing machines to Poland to pay for the salaries of workers on the project.

However, despite Warsaw's high dependence on Soviet raw material and fuel imports there are few company-to-company links between the two countries. Moscow is now working hard to change this, as well as attempting to induce Poland to fill gaps in its own industrial output.

Just how far Poland is prepared to go to comply with Soviet wishes as yet remains unclear. Whatever the outcome, both sides seem set on e path of fairly lengthy and arduous negotiations.

S. Korea cheap car plan starts to yield dividends

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREAN plans to become a major force at the cheap end of the world car market are beginning to yield dividends. The country's exports of cars rose dramatically during the first seven months of 1985.

According to the Korea Auto Industries Co-operative, South Korean companies exported 61,484 vehicles as at the end of July, an increase of 138 par cent over the same period of 1984.

The trend is expected to continue, with vehicle exports projected to exceed 100,000 by tha end of the year, compared with 52,350 exported last year.

Car manufacturing is ona of South Koree's most rapidly growing industries, with vehicle production expected to rise from 265,000 in 1984, to over 1m in 1990, with most of that production for export.

Hyundai Motor Company still eccounts for about 99 per cent of the industry's car exports. This yeer, the company introduced e new front-wheel drive subcompact, the Pony Excel.

The vehicle is undergoing safety and emissions testing in the U.S. and is expected to enter the market before the end of the year, with a price tag of about $5,000 (£3,570) for a basic model. Seven hundred of the cars were shipped to the UK in July.

Yeutter asks Japan to cut more tariffs

DR. CLARENCE YEUTTER, U.S. Trada Representative, has asked Jepan to cut more tariffs and take other measures to open its markets, a spokesman for the International Trade and Industry Ministry (Miti) said, Reuter reports.

Dr Yeutter, on e four-day visit to Jepan, told Mr Keijiro Murata, minister in charge of Miti, thet he wants Japan to import more soda ash and to cut tariffs on aluminium, paper products and optical fibres — all items excluded from Japan's July 30 tariff cuts.

Officials noted that Dr Yeutter and Mr Murata agreed to set up a new channel for talks to solve the dispute over semiconductor trade.

Shell offers to set up gas process plant in Sarawak

BY WONG SULONG IN KUALA LUMPUR

SHELL INTERNATIONAL has submitted e firm proopsal to the Malaysian Government to build a M$2bn (£603m) middle distillate synthesis (Mds) plant in the East Malaysian state of Sarawak to convert liquid natural gas into middle distillates such as transport fuels and kerosene.

If the plan is approved, the plant would be located at Bintulu, centre of Malaysia's natural gas industry, where Sarawak Shell, together with Petronas, the Malaysian oil company, and Mitsubishi, is operating an LNG facility exporting 6m tonnes of LNG annually to Japan.

According to Mr H. A. Mearle, acting managing director of Sarawak Shell, negotiations with the Malaysian Government ebout equity participation on the Mds venture is et an advanced stage.

Shell appears to be prepared to take up more than 50 per cent equity if the Malaysian Government so wishes.

It is understood the Malaysian Government is taking its time to consider the project for two reasons. First, the Mds plant is the first in the world, and Malaysia feels it may not have sufficient expertise to monitor its performance. Secondly, Petronas has slowed down several of its projects in line with a cutback in Government development expenditure.

Retail spending still at peak level

By Philip Stephens and David Churchill

SPENDING IN the shops held at record levels last month, assisted by the traditional summer sales and probably by the influx of overseas tourists.

The Department of Trade and Industry said yesterday that its index of retail sales rose to a provisional 116.1 (1980 = 100) in July, after June's 1.2 point rise to the previous all-time high of 116.

Although last month's increase was much smaller than that in June and is subject to possible revisinn, it left the volume nf shop sales more than 4.5 per cent higher than a year earlier.

Over the last three months, which give a clearer guide to the underlying trend, the volume nf sales was 2 per cent higher than in the previous three months and 5 per cent above the level of a year earlier.

Retail spending has been sustained at buoyant levels by substantial increases in real, or inflation-adjusted, earnings for those in work and by the upward trend in bank and retail credit for personal borrowers.

Government officials believe that alongside those factors, the traditinnal summer bargains in stores and the large number nf foreign tourists visiting the UK may have given a particular boost to sales

The Retail Consortium, which represents most nf the larger retailers, said some of its members had been disappointed that the July figures were not even better.

Estimates fail to get measure of the economy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE BRITISH economy has been doing persistently better than the first official estimates suggest, the Central Statistical Office (CSO) said yesterday.

It says that the initial figures for gross domestic product (GDP) are nearly always revised in the light of later information, and on average, the revisions give a considerably brighter picture of past economic performance.

A study published in the CSO's Economic Trends yesterday shows that revisions over a five-year period have pushed up the economic growth rate by 0.8 percentage points, nn average.

Since 1980 the quarterly growth rates for GDP at constant prices (compared with the level et the same period a year earlier) have ranged from minus 4¼ per cent to 3½ per cent.

Nevertheless, the CSO says that not all revisions have been upwards. For some periods later information has shown that the economy was doing less well than was thought at the time.

In future, the Government has decided to publish figures for the expected range of revisions along with its first estimates of GDP.

For the quarterly figures of GDP at constant prices this range will be from 0.3 percentage points below the first estimate nf the growth rate to 1.7 percentage points above.

It had been found that the practice of choosing a new base year (re-basing) for the statistics and allowing for the changing importance of different sectors of the economy have tended to shed a more optimistic light on past growth rates.

It has also been discovered that revisions are on average greater in the expansion phase of the economic cycle. When the economy is contracting, initial estimates tend to be quite accurate.

At times of rapidly rising inflation, first impressions of the economic growth rate have tended to be too optimistic, but the reverse has been the case when the inflation rate is falling.

The CSO had had trouble for many years with the accuracy of its figures for industrial production, which form part of the estimate of total national output. It has proved difficult to collect complete figures, particularly from smaller and emerging companies. These figures also tend to be revised upwards.

Last year the CSO started the practice of adding 1 per cent to first estimates of production figures to take account of expected future revisinns. After a few months, this correction factor is subtracted again so that the published data reverts to its purer status.

For the full GDP figures, however, it has been decided to leave the data in its unadulterated form, but to publish the expected scale of corrections alongside.

Vickers may attempt buy-out

DIRECTORS OF the Vickers warship yard in Cumbria, one of the biggest in Europe, hope to launch a joint management and employee buy-out attempt after the sale prospectus is issued next month under the privatisation programme, Andrew Fisher writes.

This would include the Cammell Laird yard of Merseyside, which recently became a subsidiary of the Vickers yard under a reorganisation by the parent company, state-owned British Shipbuilders (BS). Such a buy-out would be one of the largest in UK industry.

Together, the two yards employ about 14,000 people. Vickers, with 12,500 at Barrow-in-Furness where it dominates the local economy, specialises in submarines and is to build four for the Trident nuclear missile programme. Dr Rodney Leach, its new chief executive, is assessing the chances of a buy-out.

The Government wants the warship yards sold back to the private sector by next April. Yarrow on Clydeside has been sold to General Electric (GEC) for £34m, while Swan Hunter on the Tyne and Vosper in Southampton are now up for sale, with management teams keen to acquire them.

Vickers, no longer part of the Vickers industrial group since nationalisation in 1977, is the biggest profit earner at BS, while Cammell Laird has recently made losses. By reducing the likely price of the combined yards, this could make it more accessible to a buy-out.

Competition to buy the Vickers yard should be keen. Trafalgar House has expressed interest – it bought the Scott Lithgow offshore yard last year and also bid for Yarrow – and other companies with defence and engineering interests are likely to study the documents on Vickers.

These will be put out in September by Lazards, the merchant bank arranging the sale of the yards. While no price has been put on Vickers, total proceeds from the warship yards have been forecast to be less than the £140m cost of one naval frigate.

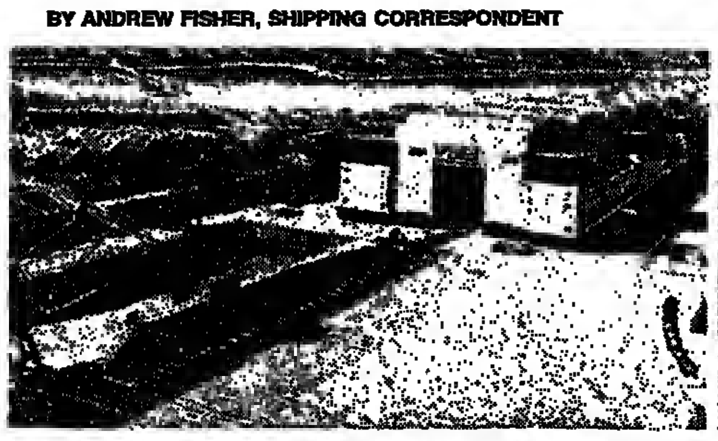
Vickers alone would account for much of this, having made a trading profit of £17.7m in the year to March 31, 1985, against £21.2m the previous year. Cammell Laird, hit by labour disputes, made a trading loss of £5.2m (£23.8m). The price for both yards could exceed £60m.

The battle for ownership of the combined yards will be affected by three main factors:

- How the £230m construction cost of a new covered building facility for nuclear and other submarines, is met under new ownership. This could be by lease or payments related to future profits.
- The impact of tougher government purchasing policies for defence equipment. Dr Leach said future profits on each submarine would be smaller, with Vickers now "in a somewhat static profits position." A productivity drive is under way.
- The attitude to defence projects of the Labour Party, if it wins the next general election.

Test of strength for sleeping giant

BY ANDREW FISHER, SHIPPING CORRESPONDENT



An artist's impression of the submarine building facility now under construction; Dr Rodney Leach, Vickers chief executive right

THE VICKERS shipyard in north-west England, the biggest profit earner in the UK shipbuilding industry, intends to return to the private sector at the same time as the Government is putting pressure on defence contractors to make them more competitive.

Dr Rodney Leach, the new chief executive and managing director of the yard at Barrow-in-Furness, north-west England, said: "This means we're going to have to run where we've walked."

He added that there had been a paradoxical situation for 20 years when the key to bigger profits in the defence sector had been to become more inefficient. But the Government had made clear that it wanted better value for money.

"The cosy old world of the past is gone," said Dr Leach, a former director of Peninsular and Oriental Steam Navigation (P&O) with responsibility for cruise shipping. At Vickers, now part of state-owned British Shipbuilders, he sees enormous opportunities for boosting productivity.

The yard, which has built submarines for 100 years, has been called a sleeping giant. "I prefer to think of it as a sleeping princess," Dr Leach said. Whether or not the analogy is appropriate for a 160-acre industrial site employing 12,500 people, Dr Leach feels there is a lot of unexplored potential.

Certainly, there is plenty of money spent on the yard. A massive £230m covered-building facility, which will be able to handle several submarines at once and will be ready for the Trident nuclear submarine programme, is being built.

Who will pay for this when the yard goes private is being worked out by the Government and Lazards, the merchant bank handling the warship yard sales. The question concerns Dr Leach, who likes the idea of the management and employee buy-out for Vickers and Cammell Laird, the loss-making Merseyside yard which his company has just taken under its wing.

But the buy-out attempt, still in its early stages, will face strong competition from major companies, including Trafalgar House, which have shown interest in the yard, officially known as Vickers Shipbuilding and Engineering Ltd (VSEL).

It has many orders for nuclear and conventional submarines and expects to build four for the Trident missile programme up to the mid-1990s. It is also pursuing exports, with Canada seen as a prospect after the Australian decision to go for West German or Swedish designs for its new submarines.

The yard's former owner, the Vickers industrial group, is still taking action for improved compensation terms through the European Court of Human Rights after the yard was nationalised in 1977. It has said it does not want to buy back the yard.

Trading profits of VSEL slipped in the financial year to March 31, 1985, from £21.2m to £17.7m. Sales rose from £227m to £260m, but did not keep pace with costs. Dr Leach, who has been with Vickers for two months, wants to counteract the effects of tougher government policies with strict cost controls, improved manufacturing methods, and more exports of ships and weapons.

The yard is investing heavily in computers to improve design and manufacturing efficiency. It spent £6m on these last year, with £12m more due in the next two. Emphasis is also now placed on modular building of submarines so that complete pre-built sections can be lifted into place.

With Cammell Laird as a subsidiary, Vickers will have a full submarine and surface warship-building capability. But Cammell Laird's losses will drag down the overall result, though it has recovered from last year's labour problems and has been taken out of the problem-ridden offshore rig sector.

However it will be some time before Cammell Laird earns money from the frigate contract which the Government awarded it in recognition of its improvement. Both yards will be considered for the next three Type 2400 diesel-electric Upholder class submarines, worth some £50m each.

Vickers is building the first, as well as four nuclear submarines, worth some £160m each, for the Royal Navy. The four Trident submarines will be worth well over £1bn. Labour Party politicians have said they will cancel Trident if they win the next election, but will provide alternative non-nuclear work.

In the export field, Vickers is seeking orders in North Africa, the Middle East, and Asia, as well as Canada.

Output of Sinclair tricycle suspended

PRODUCTION of Sir Clive Sinclair's C5 electric tricycle has been suspended by Hoover, the domestic appliance company which assembles the machine under contract at its washing machine plant at Merthyr Tydfil, South Wales.

Hoover is claiming at least part of £1.5m which it says it is owed for costs already incurred by Sinclair Vehicles.

Sinclair described the suspension as temporary and due to "component shortages arising from summer holidays." Hoover confirmed yesterday that it had run out of certain essential components, but added that it did not intend to take on any further inventory until its "differences" with Sinclair bad been resolved.

Workers on the tricycle have been transferred to washing machine production lines. Last week they were modifying some of the several bundred machines stockpiled at Merthyr Tydfil and packaging them for export to European continental markets.

Exports appear to offer the best bope of a lifeline for the C5 which has failed to find the UK market which Sir Clive Sinclair had hoped for. Its prospects were dealt a particularly savage blow at the end of last week, when two of the largest retail chains handling the C5 cut its £399 list price by up to half.

Sinclair Vehicles, into which Sir Clive has sunk £7m, is entirely separate from the Sinclair Research electronics company also run by Sir Clive.

For many weeks before output was balted, the C5 had been produced at a rate of nnly 100 a week, compared with an initial rate of 1,000 a week – and Sir Clive's confident prediction at its launch in January of 2,000 e week after a second production line had been added.

□ THE NATIONAL Coal Board (NCB) is seeking a court ruling which would allow it to penalise miners on strike during the year-long stoppage by reducing their pensions in proportion to their absence from work.

The £2.6bn miners' pension scheme, one nf the largest in Britain, suffered a shortfall of about £120m during the strike which ended in March this year.

□ NORTHERN IRELAND'S four biggest banks are facing a threat to strike by 5,500 staff who want a 10 per cent pay rise. The strike, planned to start on August 27, would affect the Bank of Ireland, Allied Irish Banks, the Northern Bank and the Ulster Bank.

□ DECLINING GROUSE populations are the subject of a £350,000 research project, launched to coincide with the start of the official game-shooting season, August 12. Red grouse are scarce on many estates in Scotland, the Game Conservancy organisation says.

□ COAL MINERS in Warwickshire vote this week on whether to reject the National Union of Mineworkers, which called the year-long miners' strike, and jnin the breakaway federatinn based in Nottinghamshire.

The Warwickshire miners are the first to be balloted on joining the new organisation.

□ INDESIT (UK), the British subsidiary of the troubled Italian manufacturer of white goods, said it was optimistic about its future in the UK. Its parent, Indesit, Italy's second largest home appliance group, said last week that it would ask a Turin Court to put the company into state administered receivership.

Mr John Malagoni, managing director of Indesit (UK) said: "We are profitable in the UK and we could continue to trade independently."

□ BUSINESS FAILURES covered by leading UK credit insurance company Trade Indemnity dropped by 3.5 per cent in the 12 months to July on the previous year's figures, according to a report by the company.

□ MRS MARGARET Thatcher, the Prime Minister, has started a two-week holiday in Salzburg, Austria. Accompanied by her husband, Denis, Mrs Thatcher flew from an air force base in West London to be greeted by Herr Wildfried Haslauer, Salzburg's provincial governor.

Threat of national rail strike grows over driver-only trains

BY BRIAN GROOM, LABOUR STAFF

FEARS OF a national rail strike over plans for driver-only trains were reinforced yesterday when a dispute involving guards and signalmen caused severe disruption on British Rail's Western Region.

More than 500 guards went on strike at Immingham on Humberside, halting all 16 iron ore trains to the British Steel Corporation's terminal at Santon, which serves its Scunthorpe works.

On Western Region, BR management said that trains today may be delayed or cancelled if there is further disruption.

Western Region commuter services into Londnn yesterday were cut to a third. There were not direct Inter-City trains between London and Devon and Cornwall and BR advised passengers to use Bristol services and then try to take trains farther west.

The strikes began when a driver, believed to be a member nf the rebel Federation of Professinnal Railway Staffs, agreed to move a freight train without a guard.

The Natinnal Uninn of Railwaymen plans to ballnt mnre than 10,000 guards nn August 29 on industrial action over BR's implementation of driver-only working without agreement.

BR has warned that if the guards strike no British Rail employee may be paid. Even before the ballot, however, disruption is mounting around the country as BR tries to go ahead with its plans.

Western Region's trouble began when its first driver-only freight train set off late on Sunday night from a quarry near Somerset to Purfleet, Essex.

Signalmen at Westbury in Wiltshire were sent home when they refused to handle it, guards at the depot walked out and similar action took place when the train arrived at Southall, London.

Western Region said it was firmly committed to continuing trials with driver-only trains with a view to running the business more efficiently.

At Immingham, guards walked out at midnight when they were told that all 16 ore trains would be operated with drivers nnly. Previnusly this had applied to two trains, resulting in some guards and drivers being sent home.

The drivers, members of Aslef, did come to work but nine who refused to take out trains without guards were sent home. Mr Bill Collins, NUR hranch secretary, said the stoppage was also likely to hit local passenger services.

Also yesterday, three drivers were sent home for refusing to operate oil trains without guards between Thames Haven and Ripple Lane, East London. Virtually nowhere around the country has BR persuaded railmen to carry out its plans.

The dispute has already halved passenger services on the Great Northern suburban lines from London King's Cross and Moorgate, where guards are banning overtime. Appearance of a train unit converted for driver-only use prompted a guards' strike at Glasgow central in Scotland.

There are other disputes in freight areas in South Wales and at Willesden, north London. BR has further plans for driver-only trains in freight services, notably in the East Midlands where trains operate between coal mines and power stations.

The NUR says trains without guards are unsafe and that thousands of jobs will be lost. Managers dismiss the safety claim, pointing out that one-man trains have been working safely between London St Pancras and Bedford for two years.

Britoil shares give 22% paper profit

By Dominic Lawson

INITIAL DEALINGS in the 243m Britoil shares sold last week by the Government left the company's 450,000 new shareholders holding a paper profit of 22 per cent yesterday at the close of the first day's trading.

Investors put down an initial payment nf 100p a share, with a further 85p to pay in November. The shares npened yesterday at 124p and closed at 122p, giving an instant paper profit of 22 per cent, but a smaller profit nf 11.9 per cent over the full offer price of 185p per share.

Lazard Brothers, which handled the share sale for the Government, yesterday rejected criticism that public assets had been sold at less than their true worth, to the advantage of speculators. Mr Richard Davies, a director of Lazard said yesterday that the Britoil share price had not moved significantly since the offer was made.

However stock jobbers yesterday reported an active market in the partly-paid shares, with many small hundles of stock being sold hy the new shareholders. Lazard allotted no investor more than 150 shares, with applicants for more than 1,400 shares being given nothing at all.

Dealings yesterday were in marked contrast to the first days trading in the first issue of Britoil shares in November 1982.

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London gears up for securities changes

BY CHARLES BATCHELOR

STOCKBROKERS, jnbbers and banks are racing to get equipment and systems in place well before the basic shape of securities dealing in the City nl London changes after the so-called "big bang" of autumn 1986.

Some of the big companies want to be prepared for single capacity trading – under which market makers combine the present functions of brokers and jnbbers – by the end of this year, says Mr Bob Brown, product marketing manager of Thorn-EMI's Software Sciences City Divisions.

They fear that non-UK banks and securities houses – which already do considerable business in non-UK stocks and in UK stocks in American Depositary Receipt form – may be tempted to make markets ahead of the "big bang" deadline, particularly if there is any delay in the London Stock Exchange's timetable.

Thorn yesterday launched Colt – Continous On-Line Trading System – which is designed to support the dealing and market-making activities of securities houses.

Thorn has taken a software system developed by Femcon Associates, a small Boston, Massachusetts, company and modified it to take account ol the variety of currencies and types of security traded in the London market.

Thorn has been working with a consortium nf six City of London securities traders to decide what modifications were needed for the London market. The City firms involved are Barclays de Zoete Wedd, James Capel, County Bank Group, Kleinwort Benson Grieveson Grant, Phillips & Drew and Schroder Securities.

Some of these companies are developing their own in-house trading systems but backed the Thorn-EMI project as an insurance policy against the failure of their own efforts, Mr Brown says.

Thorn-EMI believes Colt is the first system of its kind to be available in London. The basic system will be available from March 1986 to allow users to familiarise themselves with it. A facility to link up with the stock exchange's Automated Quotation System (Seaq) will be available from June.

Colt will allow dealers to record deals for internal and stock exchange use and maintain an overview of their positions in any security instrument in "real time" prices and currency rates.

It will cover UK and international equities, Government stocks and other fixed interest securities, traded and traditional options and financial futures.

Thorn believes that, at most, 25 companies would need its system – which costs an initial £370,000 excluding hardware – but it sees Colt as part of an expansion of its software business for financial users.

Laker case in private hearing

By Duncan Campbell-Smith

SIR FREDDIE Laker, former operator of Skytrain, and his first wife, Mrs Joan Laker, successfully launched an appeal in the High Court in London yesterday against the out-of-court settlement proposed in Washington last month to end the U.S. anti-trust action over the collapse of Laker Airways.

Defending the settlement was Mr Christopher Morris, the liquidator of Laker Airways who originally launched the anti-trust action against British Airways and 11 other defendants, alleging they had conspired to destroy Sir Freddie's airline.

Mr Morris agreed on July 12 to accept a settlement with the defendants which would provide $48m for the creditors of Laker Airways. Implementation of this deal was approved by the High Court on August 5, subject to Sir Freddie's appeal.

Mr John Beveridge QC, counsel for Sir Freddie, said thet Sir Freddie, as the 90 per cent owner of Laker Airways, was determined to secure "a much better settlement . . . and to see that justice be done." Mr Beveridge added that "an enormous sum" could still be obtained for Sir Freddie and Mrs Laker if the U.S. anti-trust action were pursued.

They were last month offered $8m and $50,000 respectively by the co-defendants to accept the $48m settlement as the last word in the legal battle, which began in November 1982.

Sir Freddie recently married his fourth wife.

Against Mr Beveridge's suggestion, it was argued for Mr Morris, before Vice-Chancellor Sir Nicholas Browne-Wilkinson, thet neither Sir Freddie nor Mrs Laker had any realistic hope of winning more from a court action than the sums already offered.

But the judge ruled in open court that the complex financial dimensions of the anti-trust case were not sufficiently clear for him to be satisfied this was true.

He therefore invited both parties to the appeal to state their views of the settlement in more detail – and ordered the hearing to be held in closed chambers rather than open court, to avoid prejudicing the underlying case in any way.

The hearing resumes today.

Bank sees signs of change in stance on interest rates

BY PHILIP STEPHENS

THERE ARE signs that the Government is gradually relaxing its cautious approach to interest rates and the majnr banks' base lending rate should fall to between 10 per cent and 10½ per cent by the end of the year, according to the National Westminster.

In its latest economic review the bank says that despite the Treasury's firm puhlic stance the two recent cuts in interest rates and the downgrading of the official target for the broad money supply suggest e more flexible approach.

The political pressure to keep unemployment down and the likelihood of a fall in the inflation rate may reinforce this tendency over coming months, it says.

The bank predicts that the pound, hit in the last two weeks hy fears about oil prices and concern that interest rate reductions may have been too rapid, should hold steady at around present levels in the near future.

Another cut in base rates would result in a further downward adjustment for sterling, but overall the UK currency appears far more resilient than in the early part of this year.

In e separate review of the outlook for borrowing costs and the exchange rate the broker James Capel says that by forcing the pace on interest rates the authorities have created uncertainty over policy.

The broker says the Government must refrain from taking the initiative in cutting interest rates during periods of sterling strength if confidence in the pound is to be restored.

It adds, however, that despite concern over Britain's competitiveness it is unlikely that the official view of a strong exchange rate as a key constraint on inflation has been abandoned.

Date set for refinery move to Gulf

BY RICHARD JOHNS

SHIPMENTS OF Esso's old Milford Haven, South Wales refinery to Ajman, one of the two members of the United Arab Emirates still without a commercial oil and gas discovery, are to start in October and the reconstituted facility is scheduled to come on stream in 1986.

Capacity of the reconstituted facility, which was shut down in 1983, will be 100,000 barrels a day. None of the principals involved has said definitely whose oil will be processed at the plant, which is being established in the Gulf by the Ajman Refinery Company (Arcol).

Removal of the refinery was first announced in the Financial Times last summer. It is viewed sceptically by leading oil companies but Arcol has lined up some big corporate names for the project.

Financial services are being provided by Barclays Bank, Credit Suisse First Boston and Banque du Benelux.

Agreements for project management have been signed with Sir Alexander Gibb and Partners, Foster Wheeler (Energy) and Hawker Siddeley Power Engineering.

Treffoil GmbH of Hamburg, Mundogas (UK) and Avia Mineralöl of Munich have been contracted to handle the sale of output.

SDP warns on industrial decline

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

BRITAIN faces an annual £9bn deficit on information technology imports within five years if steps are not taken to revitalise the industry, according to a Social Democratic Party (SDP) policy paper published yesterday.

The paper, called Focus on the Future – a Strategy for Innovation, was prepared by the SDP's working party on high technology and is to be presented to the party's annual conference next month for adoption as party policy.

It argues that Britain urgently needs an industrial transformation. It points to the relative decline in the informatinn technology industry (Britain was nnce a net exporter and already imports an annual net £2bn worth of products), and the shortage of trained engineers (estimated at 25,000 and expected to double within the next three years), as illustrations of the urgency of the problem.

The paper suggests that the British Technology Group, successor to the National Enterprise Board, is too close to government to be able to provide the venture capital and longer term finance needed by developing industries in a flexible manner.

It therefore proposes the creation of two new bodies – a New Technology Enterprise Corporation, and a holding company, British Innovations – to fulfil this role, operating "at arm's length from government interference."

The corporation would give awards of up to £40,000 for six months to enable applicants to demonstrate the feasibility of their projects, with successful applicants eligible for up to a further £400,000 over two years to help develop their projects.

The corporation would start with an initial endowment of £200m and an initial life of five years, with a review at the end of that period. The aim would be to keep the scheme self-financing and thus remove it from the political area.

The holding company would, similarly, start with government funds and be wholly publicly owned, but the aim would be to make it self-financing. It would spread investments across the spectrum of British high technology enterprises, selling off shares to the public as the investments became established.

The paper proposes making all personal investments in industry tax-free; and suggests special tax concessions to those companies currently benefiting from the business expansion scheme which devotes half their expenditure to either Paye-qualifying wages (tax deducted at source), or research and development.

It proposes an immediate increase of £50m in the science budget and a review and modification of the Official Secrets Act.

It urges radical changes in the education system to encourage a broader based school curriculum with more mathematics, science and technical subjects, an expansion of training at all levels, and reforms to further and higher education systems.

It also proposes a campaign to raise the status of the engineer and scientist in British society.

THE ARTS

Edinburgh Festival/William Packer

A French view

For a Festival that has never really been over-concerned with the visual arts, Edinburgh this year is surprisingly rich in the exhibitions it either offers or assumes: and for once, though it owes rather more to the sensible opportunism of the particular galleries and institutions than to the policies of its own organising committees, those exhibitions in substantial part are decidedly apropos the Festival's general theme of the Auld Alliance as a cultural force.

There is a whiff of change in the air, and with Timothy Clifford, late of Manchester, now at the helm of the National Galleries of Scotland, it seems unlikely that the former defensive distance kept from central Festival affairs is to be maintained. Quite right too: the visual arts at large already supply one of the principal reasons for visiting Scotland, and Edinburgh in particular, at any time, and of course they should be prominent at the centre of the Festival. If the committee itself does not make that clear, by its policies and active support, others will, which might well make the Festival itself the sideshow.

The arts of France in relation to those of Scotland, and to Scottish patronage and connoisseurship over the centuries, is indeed the theme. The Scottish museums at short notice have responded to the hint simply and effectively by emphasing and celebrating the French art already in their collections or on extended loan.

Inevitably the most spectacular display is at the National Gallery of Scotland itself, where the upper suite of galleries has been given over (until September 22) to French painting and drawing between 1500 and 1900, that is to say from Clouet to Cézanne. That so much of this work should be so familiar, such old friends as it were, to those of us with regular acquaintance with the gallery does nothing to lessen the effect. Small as it is in comparison with other national collections, and given its own national bias, this is even so one of the world's great museums in scope and quality, and it is quite addictive. Here, the small and lovely Clouet of *Marie D'Assigny* (c 1525) apart, we begin effectively with Poussin and the astonishing run of the Duke of Sutherland's *Six Sacraments*, works of an aesthetic treat and challenge in themselves.

But on we go, as who could not, to the most wonderful Chardin posey in its blue and white pot, and to Watteau's *Fête Venitienne*, quite as seductive as it is important, and to the most charmingly suggestive Pater of *Bathing Party*, and Boucher's *Pompadour*. So, on through the drawings, and by way of Baron Gérard, Delacroix, Courbet and Corot and we are with the Impressionists and Post-Impressionists, early and late, exquisite Sisley's of the Thames and Seine, and rapid Degas study of *A Girl's Head*, *A Kitchen Garden by Pissarro*, and in the last room, more Degas, Cézanne, Van Gogh, and Gaugin's magnificent *Three Tahitians* and *Late Landscape on Martinque*.

The Scottish National Gallery of Modern Art brings the story on from 1900 to 1960 with its holdings of work of *L'Ecole de Paris* which is to stretch the point a bit, for the Paris school in our century has never been the exclusive creature of the French, nor ever a school at all in the sense of any common and sustained principle or example. Rather it was what it is no longer, the natural goal and focus of the international *Avant Garde*, and here we may follow it through its long, gentle decline. The great days were before the First World War, and so we begin with Picasso and Matisse, Bonnard, Vuillard and Fauve Derain, and on to Cubism of course, of which the museum has a strong hand with Braque, Gris and Léger, and Picasso of course ever present. He indeed by his insistent, extended presence, supplies the thread on which the story hangs, leading us on through Surrealism, with Ernst, González and Giacometti, and into the 1940s and 1950 with Dubuffet, De Stael, Appel and Balthus. It is a clear, straightforward and enjoyable account (until September 22).

The French show at the Scottish National Portrait Gallery is something of a curiosity, but none the worse for that. Henri-Pierre Danloux was a portrait painter of royalist sympathy who came to England in 1792 to escape the revolution and stayed 10 years. But though he built up again a successful practice, especially it seems among the *émigré* and oddly the Scottish aristocracies, and his work remains in many collections here, he has been rather forgotten and overlooked. The large painting of *Admiral Duncan* in the Portrait Gallery's own collection was, however, lately brought back into the light: and the opportunity was taken to clean it and build this delightful and useful little exhibition round it. It is indeed something of a *tour de force*. The composition especially lively and the head stated with admirable vigour and directness. (until September 22).

The principal festival exhibition as such, however, is at the Royal Scottish Academy, under the sponsorship of Elf Acquitine UK. *Colour since Matisse* is certainly an interesting presentation of modern French painting of certain kinds, but the interest unfortunately is more particular than general, residing rather in individual works for their own sakes than for any broader, common rationale that is established. The problem is that expectations are excited by the title that are left critically unfulfilled. Painters are inclined to use paint after all, which is quite likely to be coloured, and to take Matisse, who really did exploit and extend the pictorial possibilities of colour, as a platform from which to launch a rather mixed bag of young French reputations is a shade disingenuous. Of the younger French painters Helene Dalprat is impressive, with her primitive figures flitting through the forest, fraught with ambiguous mythical suggestion, and the line back to Matisse is clear enough: and I also liked in quite another way the flat and loosely stated grids and squares of Simon Hantaf, who also has a show at the French Institute (until September 27). But the real strength of this show, which in essence is two distinct shows, lies at the beginning with the three paintings by Matisse, and four ravishing Bonnards, a Léger, Marquet and Dufy or two, and a lovely, surprising figure from behind, by Villon (until September 21).

"Intéricure Jaune et Bleu" by Matisse

French Connections at the Royal Scottish Museum, is altogether more successful an exercise, manageable, coherent and to the point. It deals with the judicious Scottish acquisition of French *objects d'art* since medieval times with the Church the first conspicuous patron: but the emphasis falls naturally upon royal and aristocratic patronage in the 17th and 18th centuries. The museum itself supplies the substance of the show from its own collections, centring its display upon three tableaux, each given to a spectacular service of silver gilt: the Lennoxlove toilet service of the Duchess of Richmond and Lennox, supposedly given her by Charles II and set out here as for the Duchess off to the ball; the quite astonishingly ingenious travelling service by Biennais, which the Princess Pauline Borghese bequeathed to her close admirer, the 10th Duke of Hamilton, whose magnificent portrait by Raeburn bestrides the show; and the tea service also by Biennais, of which the Louvre owns half and is here united for the first time since 1919, which Napoleon had made for his second wife, Marie-Louise of Austria. There is a wealth of furniture besides, and plate, books, porcelain, and pictures, brought in. *Rousseau* by Ramsay, for example, from the National Gallery down the hill, the *Argyle Portraits* by Drousis from Inveraray, and the David full-length of Napoleon from Washington (until February 4).

Other French shows I can do little more than mention, but the small group of Derain water-colours and bronzes at the Mercury Gallery on The Mound is delightful and should not be missed: small theatrical figures that might be on playing cards or delftware, and delicately primitive masks and reliefs. Just down the High Street, the Stilla Gallery has a selection of recent work of the French photographic agency, Sipa-Press, which is also an extraordinary account of the variations upon violence worked by our modern world everywhere it seems from Ireland to Chile, by way of Lebanon, Iraq, India and Cambodia.

Giselle/Coliseum

Freda Pitt

Albrecht has always been one of Rudolf Nureyev's greatest roles — probably his supreme romantic role—so it gave profound satisfaction to see him in it on Friday evening at the Coliseum for the second and final production of the Nureyev Festival. He looked miraculously recovered from his recent illness: as soon as he made his entry with springy step and a carefree expression, it was clear that last week's tension and fatigue had been routed and that the prince of Albrechts had been restored to us.

Some more recent interpreters of the role — including Mikhail Baryshnikov — have tried (mistakenly it seems to me) to make the character more likeable by implying that Albrecht is truly in love with Giselle and that his engagement to Bathilde is a mere social formality. More credibly, and more in keeping with the original, as well as the Kirov tradition he grew up with, Nureyev paints him as an impetuous, light-hearted philanderer, who is only passingly infatuated until the drama of Giselle's death overtakes him.

This drama took on muted tones at the Coliseum, for Yoko Morishita is just not a natural Giselle. In Act 1 she looked altogether too robustly cheerful, too coquettish and above all too self-assured to convince as a fragile, innocent peasant girl who could lose her reason and her life as the result of a disappointment in love. Even her dancing was somewhat below par in Act 1, with a surprisingly low-key solo of joy. Because of her restraint and limited expressive range, Nureyev's magnetic presence and noble bearing constantly drew attention away from her, even in the mad scene, which was much underplayed. Despite telling gestures of playful tenderness on his part, there appeared to be little artistic *rapport* between them of the kind that lifts *Giselle* on to another plane.

Morishita looked more at home in Act 2, without quite persuading one of her spirit-like condition. Nureyev partnered her considerately and produced not just a magnificent interpretation but also some remarkably stylish dancing, notably in his Act 2 solo. Even if the elevation has departed, and much of the elasticity, too, the strength and nobility are still very much present. They have only fitfully been in evidence in recent years, so Friday's performance was a really exceptional occasion, with every hand and arm movement, each play of expression, given its full value.

The production, by Tetsutaro Shimizu and Yoshiaki Tonozaki, had evidently been meticulously rehearsed. Indeed, the uniformity of the Matsuyama Wilis was almost awe-inspiring, even if again we saw the letter rather than the spirit. In the Peasant pas de deux in Act 1, Miyako Yoshida, on loan from Sadler's Wells Ballet, danced with impeccable lightness and precision, and Shimizu redeemed the shaky impression left last week in the *Swan Lake* pas de trois.

The autumnal background in Act 1 bore more than a passing resemblance to last week's *Swan Lake*, Act 1. Again no designer's name was supplied.

Just a year ago the Dance Theatre of Harlem gave its Creole *Giselle* at the same theatre. The distinctly exotic aspect of the Duke of Courland's retinue now, with some of the fiercely moustachioed men looking as if they belonged to some oriental folk-tale rather than a French ballet, made me idly wonder if it had ever occurred to the Matsuyama or any of their sister companies to stage a Japanese adaptation of the work rather than a slavish copy in which, to Western eyes at least, they must always look dangerously "quaint."

On the other hand, Nureyev could not appear with them in such a rearrangement, and this is, after all, his festival, as Friday was indisputably his evening.

French Music at Edinburgh

Max Loppert

The theme of the 1985 Edinburgh Festival is "The Auld Alliance"—the long-held associations and affinities between Scotland and France. In the way this manifests itself in the musical and operatic aspects of the programme, it amounts to little more than a bag of assorted French goodies, spread out without much concern for thematic coherence. But as most of the goodies promise to be good indeed, in the first Festival week especially, the selection deserves to appeal to a wide range of Edinburgh music-followers.

The first three Usher Hall concerts are being given by the French National Orchestra. Sunday's, which opened the festival (and which was broadcast on Radio 3), was conducted by Charles Dutoit. First, he led the Edinburgh Festival Chorus (singing beautifully) in Britten's National Anthem arrangement (rather horrid) and then in Berlioz's Marseillaise orchestration (thrilling even when shortened and without soloists); after this came Debussy's early, awkward, but attractive Scottish March. As a group these three items were the nearest thing the concert came to any kind of thematic demonstration.

For the rest, we had two masterpieces of French orchestral music—*La Mer* and the complete *Daphnis* and *Chloë*. Neither, alas, was performed in a way to merit the description. A French orchestra playing Debussy and Ravel always sheds a certain insight; the density of instrumental sonority and the blend of colour are features that can be recognised and especially prized in this context. But beyond that, the performances seemed sadly routine—untidy (in both works there was far too much loose ensemble), unbalanced, above all undistinguished.

With his own Montreal orchestra Mr Dutoit has made a fine recording of the Ravel ballet; but here he seemed to do little more than drive straight through it—the failure to give dramatic shape to the wordless choruses (despite splendidly accurate singing) was as much a surprise as a disappointment. The finale brought its expected measure of exhilaration—it would be a poor *Daphnis* indeed that failed to do that—but on the whole it was hard to imagine that the audience was on this occasion persuaded to value the score complete and with voices above its familiar, non-vocal excerpt forms. One hopes the remaining two French National Orchestra concerts achieve a better standard than this rather drab festival opening.

Monika Krause and Liat Himmelheber in Rossini's "L'occasione fa il ladro"

Montepulciano Workshop/Italy

William Weaver

For its 10th festival, or "workshop" as it is more democratically called, Montepulciano has decided to celebrate the European Music Year by giving its rich calendar of events a theme: "Italian Journey," inspired by the journal of Goethe, but equally applicable to the career of Hans Werner Henze, the festival's founder, and, indeed, to virtually all the Montepulciano workshops of the past decade. For in Montepulciano it has always been possible to hear artists and music from just about every part of the world. And not only music: here there are always plays (or "theatre events" of undefinable genre), mime photography, fine arts.

In the Montepulciano programme for 1985 opera is represented by two one-act pieces, given on a double bill. Rossini's *L'occasione fa il ladro* (Opportunity creates the thief) is, after all, about some travellers in Italy, so it has a certain connection with the Cantiere's theme. But, connection or not, it is a captivating piece, not very frequently heard and thus all the more welcome, even if the Montepulciano presentation was less than ideal.

Rossini singers (as the Pesaro Festival, about to open its doors again, would be the first, ruefully, to admit) are not easy to find; and they cannot be numerous in Germany, from whence this group was imported. The voices were generally good, but they were simply not Rossinian, and the sometimes impenetrable accents underlined the unidiomatic quality of the reading. Monika Krause, the soprano who sang Berenice, has a clear, agile instrument (it would be interesting to hear her in Mozart); the arias came out well, but the recitative was a morass. And the same is true of almost all the others. Antony Beaumont conducted his Studio-Orchester of Cologne with brio; the playing was more enthusiastic than polished.

Unable to rely on interpreters suitable for a traditional Italian-style production, the producer Peter Konwitschny devised a no-holds-barred, free-for-all staging, which, given the premises, worked very well. It was fun, and the invention was constant and original (the love duet around the Hoover was a high point). If the singing had been better, the audience might not have accepted the hyperkinetic production.

Many of the same singers appeared in Busoni's *Arlecchino*, which was the second half of the bill. Here the artists were able to sing their own language, for the work was given in the original German. And the singers all improved considerably. The mezzosoprano Liat Himmelheber, who had been enjoyable as Ernestina, the maid, in the Rossini, here proved an actress of remarkable wit and versatility and an accomplished singer. Karl Fred Elsner (Don Eusebio in *L'occasione*) was a vocally incisive and dramatically significant Leandro; and John Pflieger (virtually incomprehensible as Rossini's Don Parmenione) revealed impeccable German diction as the Abate Cospicuo. The bass Reinhard Dorn, who did not appear in the first opera, made a good, solid impression as Matteo.

For the part of Arlecchino an actress, Carmen Maja Antoni, was used. It would be wrong to say that this choice made the *commedia dell'arte* figure sexless: Ms Antoni was aggressively masculine, humourless, and — in her assumed baldness — a disturbing look-alike for the Italian Christian Democrat leader De Mita. Here, Konwitschny's invention was again unflagging, but much less original (soldiers got up as Nazis, an after-you-no-after-you gag at the door of the tavern). Antony Beaumont is a leading Busoni authority, and his conducting here was magisterial. The orchestra sounded like a different set of players. Within the restricted space of the Teatro Poliziano's stage Klaus Noack created appropriate sets; his costumes were in keeping with the productions.

Now that Spoleto is losing its vigour and its impact, Montepulciano is growing increasingly attractive. Beyond the specific achievement of this or that event, the seriousness of purpose, the real and conveyed love of music, and the absence of any showbiz tinsel make every visit a pleasure.

American Dance

David Vaughan

David Gordon, who has been a leading figure in the post-modern dance since the 1960s, does not call himself a choreographer. He prefers to say that his works are "constructed." They are indeed highly complex structures — of movements, objects, often words as well — the visual and aural elements of which metamorphose like those of an M. C. Escher design that seems to turn itself outside out before your very eyes.

In the past two months, two of Gordon's ballets have been presented at the Metropolitan Opera House in New York: *Field, Choir and Mountain* by ABT, and the première of *Piano Movers* by Dance Theatre. Gordon often pursues certain themes in successive works; his duet, *Chair*, made for himself and his wife, Valda Setterfield, in 1974, might seem to have exhausted all the possibilities of what dancers could do on and around chairs; but anyone who saw his *Field Study* for Extemporary will know that chairs cropped up there, too.

The title of that piece refers to the composer, John Field, inventor of the nocturne, and the title of the ABT piece makes clear that Gordon is not done with either of these pre-occupations yet.

To a Field piano concerto, the dancers bring on chairs which they use as adjuncts to the ballet partnering whose possibilities clearly fascinate Gordon. In one section, they play a game of musical chairs. The ballerina, Martine van Hamel, and her partner, Clark Tippet, perform a grand *pas de deux* in which a chair affords additional support. The mountain of the title is one of the elements of Santo Loquasto's decor — after a Japanese-style screen has unfurled itself across the back of the stage, echoing the lateral movement of the dancers in the first section, a vertical panoramic backcloth rises behind it, depicting a mountain landscape dotted with chairs.

Gordon's fascination with the *pas de deux* continues to manifest itself in *Piano Movers*, sometimes varied by a *pas de trois*. In fact, there is a point about midway in the ballet when the eye becomes fatigued by the seemingly endless permutations of couples, and one wishes he would let us watch a solo figure for a while.

But the interest quickens again when the action centres on Karen Brown, in successive duets with Keith Saunders and Donald Williams. In the ballet's best passages, Gordon has found a kind of casual classicism that looks very good on the Harlem dancers.

Again, the title can be taken literally—the ballet begins with the dancers bringing on a grand piano. To one's intense relief, no one plays it—there have been too many ballets accompanied by on-stage pianists. The music here consists of recorded piano solos by Thelonious Monk (originally, Gordon intended to combine these with pieces by Field). But the dancers sometimes cluster around the piano, playfully pushing each other off the bench (a reference to an incident in act one of *Giselle*, perhaps?), and the piece ends with a triumphant group, with some of the women standing on or beside the piano in arabesque.

Martine van Hamel and Clark Tippet

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

August 9–15

WEST GERMANY

Bayreuth's annual Wagner Festival until August 28. Peter Hall's ring directed by Peter Schneider, which made for controversy last year, will see its second full cycle this week. Siegfried Jerusalem, Manfred Jung, Siegmund Nimsgern. Hildegard Behrens, Hanna Schwarz, Jeannie Altmeyer are the most prominent Ring singers. Also the new production of Tannhaeuser, by Wolfgang Wagner with Guiseppe Sinopoli conducting and Richard Versalle and Cheryl Studer.

NETHERLANDS

Scheveningen, Circus Theatre. Strauss's Der Zigeunerbaron, with an international cast headed by Ivan Rebroff and the Polish Radio Symphony Orchestra conducted by Tibor Pusztal (Mon, Tue). (55 88 00).

ITALY

Rome: Terme di Caracalla (Rome Opera Summer Season): Nabucco in Wolfram Kremer's production conducted by Romano Gandolfi with Silvano Carroli as Nabucco and Dunja Vejzovic as Abigaille; Turandot conducted by Daniel Oren with scenery and costumes by Silvano Bussetti based on the original designs for the opera's first performance at the Scala in 1926. Gwyneth Jones and Galina Savova alternating in the title role, and Diana Soviero and Miwako Matsumoto in that of Liu (46 17 55).

Gwyneth Jones: alternating with Galina Savova in the title role of Turandot at Rome's Terme di Caracalla.

Verona: Arena di Verona: Attila conducted by Nello Santi; Aida in a recreation of the 1913 production by Gianfranco de Bosio, conducted by Daniel Oren. (23 520).

NEW YORK

New York City Opera (NY State): Norma, the season's first new production, opens this week, directed by Andrei Serban and conducted by Richard Bonynge, with Olivia Stapp in the title role and Robert Grayson as Pollione. I Puritani returns to the repertory, last seen in 1982, with Faye Robinson singing Elvira, conducted by Edoardo Müller. The week also includes The Mikado, La Cenerentola and Carmen. Lincoln Ceter (870 5580).

PARIS

Birds' Folly: Contemporary choreography by Michel Caserta, music by Klaus Schulze and Rag Time. Espace Ronsard, 2 Rue Ronsard (264 31 31).

LONDON

Royal Festival Ballet brings back its beautiful staging of La Sylphide on Monday at the Royal Festival Hall (928 3191).

SPAIN

Santander, Plaza Portificada. Mezzo-soprano Elena Obraztsova, pianist Vozha Chachava: Tchaikovsky and Rachmaninoff (Wed). (21 05 08).

Santander, Plaza Portificada. National Ballet of Cuba. Homage to choreographer Alicia Alonso. Programme includes Bizet's Carmen and Adam's Giselle (Tue). (21 05 08).

Macerata: Arena Sferisterio: Lucia di Lammermoor, with the American soprano June Anderson in the title role, Angelo Romero and Alberto Cupido, conducted by Michelangelo Veltri, and produced by Mario Corradi. Also Aida conducted by Jose Collado with Yasuko Hayashi, Graziano Monachesi, Fiorenza Monachesi and Ivo Vinco. (407 35/49 508).

THE MANAGEMENT PAGE : Small Business

EDITED BY CHRISTOPHER LORENZ

High techology

Starting up on a grand scale

BY WILLIAM DAWKINS

David Boswell: brought in as managing director to add experience to the team

WALK INTO the offices of Surface Electronics on Poole seafront, and the first things you will see will be £150,000 worth of gleaming robotics, precision soldering equipment and computer bardware.

Depending on the nature of your visit, one of five directors will be ready to greet yon to discuss authoritatively any aspect of the company's affairs from finance to production, sales, technology or general strategy. The clear impression—unless you should notice that there are only seven employees or glimpse the blurred tyre marks on one corner of the carpet—is of a confident established company with a solid track record.

Yet Surface Electronics only moved into its converted car showroom (bence the tyre marks) five months ago, has never completed an order and does not expect to start making profits until the middle of next year.

It recently sttracted £1.1m from three venture capital groups and tho Government. All this is on the strength of its plans to become a leading independent designer and producer of a new kind of printod circuit board (PCB) which is far cheaper, lighter and quicker to produce than conventional PCBs.

Surface Electronics contrasts vividly with the more usual style of Britisb start-up venture, whereby a single struggling entrepreneur raises a small sum in the hope of pulling more cash and management once he has proved himself. With its full toam of experienced executives and ambitious plans to achiove a turnover approaching £10m in six years, Snrface Electronics has a distinctly U.S. flavour and illustrates a type of start-up which is becoming increasingly sought after by British venture capitalists.

But to launch a venture on this scale demands considerable patience, flexibility and personal maturity on the part of the founders. Surface Electronics is no exception; its experiences show just how important these qualities can be.

It took two years for the founders to compile a business plan good enough to raise £1.1m, during which time the market for their original idea became so overcrowded that they had to change tack and pursue a newer technology. The germ of their proposal came from David Bishton, a 31-year-old physicist, who looked at one stage as if he would lead the venture. But if Bishton bad lacked the maturity to accept the need to appoint a more seasonod executive—62-year-old David Boswell — as managing director over his own head, Surface Electronics' search for cash would have been even tougher.

Bishton was working as a technical manager for Integrated Photomatrix, a Dorchester optical electronics concern, when his employer ran into difficulties in obtaining custom-mado thick film circuits. These are miniature electronic circuits, printed and then glazed onto ceramic plates.

Ho gave a trial contract to Clive Phippard, who was then working for another local electronics business, and was delighted with the results. "I asked him about setting np a company to do some of Photomatrix's orders," says Bishton. Phippard took the bait and the pair bounced their idea off Rex Waygood, an expert in thick film then working for CEC Instrumentation, who was recommended by a former technical director of Photomatrix.

Waygood was equally excited, so the trio started work on their first written business plan in early 1982, using plans borrowed from friendly entrepreneurs as guidance. There was no question at that stage of any of them resigning their existing jobs until finance was in place.

A year and many meetings in West Country pubs later, they had drawn up an investment proposal for up to £180,000. "We decided from day one that we were not going to be a garaeg operation," says Bishton. Local banks were less enthusiastic, and to make matters more difficult, the trio had no idea how to approach City venture capitalists. A more experienced hand, they felt, would open doors in important places.

After a fruitless four-month search for a suitable leader among local business contacts, Dr Roger Harding, managing director of a nearby electronics group and now non-executive chairman of Snrface Electronics, put them in touch with Boswell, a former general manager in ITT Components UK and consultant to AB Electronics.

Boswell agreed to load the team on condition that they started on a far larger scala and abandoned thick film entirely. "There was overcapacity in the technique they were planning to aet up," be says. "They bedn't a bope of getting tho money for what they wanted to do."

At Boswell's insistence, they concentrated instead on surface mounting, e technique for fixing components directly on top of a PCB rather than by wirea or tapes inserted through boles and soldered on the board'a undersido. This allows circuits to be mounted ou boards down to a tenth of tha size of conventional PCBs and represents a £10m-£15m UK market which Boswell believes could grow to £1.5bn or more by 1995.

Bishton, now sales director, denies convincingly that accepting a new leader with a new strategy was difficult. "All we wanted was a successful business. We didn't mind how we got it. We liked what David was saying and we ueeded a general manager," he says.

Not that everything was plain sailing after Boswell's arrival. He believes strongly that the way a business plan is presented is just as important as what it contains. "Previously, our contacts were across the table. It was only wben we begao to make full scale presentations with flip-charts, examples of the products and demonstrations that we really began to be taken notice of," says Boswell.

But two local businessmen approached for investment simply failed to understand the process, and the British Technology Group pulled out at the last minute when the Government told it at the end of 1983 to end its high technology investment activities. The fact that Boswell was asking for as much as £1.1m for a comparatively esoteric technology might also have bad something to do with it, though he argues that it would be difficult to break into a capital intensive business lika surface mounting on a smaller scale.

Surface Electronics will have spent up to £250,000 on oqoipment alone by the end of this year, and Boswell points out that no customer is going to risk buying from a flimsily financed outfit a product that could involve changing his own design. "The customer is committing his latest design thinking to us . . . and therefore we need to have a very commercially sound operation," he says.

By the middle of last year, nine months after Boswell came on board, Hambros Advanced Technology Trust, St James's Vonture Capital Fund, a subsidiary of J. Rothschild Holdings, and Oakland Management Holdings, agreed to put up £700,000 for 70 per cent of the shares. The Department of Trade and Industry's Microelectronics Industry Support Programme put up more than £300,000, with tho rest coming from the founders themselves, who each have 5-6 per cent of the equity.

Surface Electronics is a very long way from proving itself, but the rewards of thinking big are already beginning to emerge in the shape of £100,000 of orders to be delivered over the next five months. "If wo were working in the back of a garage, a lot of those customers would neevr bave come to us," says Bishion.

Boswell, meanwhile, feels that his job has only just begun. He says: "I am going to see this thing through to sales of £10m. After that, who knows?"

Annual audits

Strong division between two camps

BY WILLIAM DAWKINS

NONE OF the Government'a attempts to unravel the red tape in which small businesses are entangled can have provoked more controversy than its onslaught on accounting and audit requirements.

The small business community has now bad two months to digest a far-reaching Department of Trade and Industry consultative document proposing, among other options, that small companies should be released from the need to prepare audited accounts for tho Registrar of Companies.

Tho first responses received by the DTI show that small businesses, accountancy firms and banks are deeply divided over wbether or not to scrap audits, with a clear majority in favour of cutting the amount of information required for company accounts.

Not surprisingly, accountancy firms have been arguing passionately about it. But it is ironic that only a muted reaction has come from those whom the report is designed to holp—small businesses themselves. If a recent poll by accountants Ernst & Whinney is anything to go by, well over half of Britain's small business managers hava nevor heard of the proposals.

The document has polarised the accountancy profession at all levels. Small practitioners seem to be just as split ovor the issue as big firms. Among the arguments put forward for keeping audits are that they provide an independent check of great value to banks, investors and creditors. "It'a like having an umpire in cricket," says Roger Bruce, senior marketing consultant for Ernst & Whinney. Others maintain that audits are an insignificant burden, while being a useful discipline for managers and e protection for shareholders against sharp practice.

Tho abolitionist camp maintains that audited accounts are generally too ont of date to protect anybody against fraud or to give an accurate guide to the company's current financial bealth. They contain loads of useless informatioo, it is argued, inhibit companies from buying more useful services from accountants like business advice, aod have been successfully abandooed in several other countries.

If anything is certain in the audit dobato, it is that many speakers have popped up on entirely unexpected sides of the table. The Confederation of British Industry's smaller firms council, an otherwise bard-hitting advocate of doregulation, is all in favour of slimming down general disclosure reqoire-ments, but is leaning towards keeping aodits, which many members value as a financial discipline.

The council's views are not finalised yet, but it is likely to argue thet it is more important to offer companies the option of avoiding the burden of audit requirements by making it easier for them to disincorporate.

Currently, wban an incorporated company turns itself into a partnership, it has to sell its assets back to the people who run it and theo buy in its own shares. That often means that the proprietors pay Capital Gains Tax twice for what is in everything but tax law one transaction—a situation which the CBI and several large accountancy firms deplore.

The Forum of Private Business and the Association of Independent Businesses are still consulting their members, but the signs are that the association will call for a simplified independent review in place of full audits, while the Forum will come undor pressure from its chief executive to keep audits in some form. The National Federation of Self-Employed and Small Businesses, by contrast, "welcomes anythiog which is designed to alleviate the burdon on small businesses," says its spokesman, Ralpb Jackson.

A strong, but far from universal, groundswell of feeling against the DTI's proposals exists among small accountancy practices, which are traditionally perceived as being beavily depedent on audit work. Yet Henry Seaton, chairman of the London Small Practitioners' Group, points out that an audit will on average add no more than 10 per cent to a firm's fee for preparing unaudited accounts.

Henry Moore, a sole practitioner in Surrey, argues that abolishing audits would create a situation which "at worst . . . could develop into nothing less than a crooks' charter."

A recent moeting of the Instituto of Chartered Accountants in England and Wales'a smaller practitioner committee came to precisely the opposite view. It concluded that small companies aboild have the right—with shareholders' consent—to abandon audits, though qualified accountants should be employed to prepare reports for the Inland Revenue and other interested bodies. The Institute of Cost and Management Accountants follows a similar line. "The audit doesn't really serve any useful purpose," says Harry Pearce, the ICA's committee chairman.

Big accountancy firms are equally divided. Leading the abolitionist lobby are Touche Ross and Arthur Andersen, which both maintaio that the benefits of audits are small, and that small business clients could more usefully spend their audit bills on broader business services. A senior partner in another big accountancy firm dismisses the latter arguments as e "myth." He maintains that audit savings would not necessarily be spent on other accountancy services.

Others are still consulting clients and regional offices before making up their minds. But senior partners in Deloitte Haskins & Sells, Ernst & Whinney, Thornton Baker and Peat, Marwick Mitchell indicate that they are unconvinced by the arguments for lifting small company audit requirements. Most of them, however, see room for reform.

Among banks, the small business units at Barclays and Midland would be unbappy to see andits go, while Lloyds finds management accounts a much more useful guide to creditworthiness. National Westminster is not stating its position publicly, though it would be surprising if it did not join the retention lobby.

In brief...

NEW Technological Developments: A Challenge for Small Enterprises is the title of the 15th European Small Business Seminar to be held at the Grosvenor Hotel, Chester, from October 16 to 18.

The seminar, sponsored by the European Foundation for Management Development, will debate the impact of technological change on small firms and their role in developing new technology. The fee is £200 for foundation members, or £220 for non-members. Other sponsors include Manchester Business School and the Co-operative Bank.

Details from David Watkins, Manchester Business School, Booth Street West, Manchester. M15 6PB. Telephone 061-273 8228.

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A GUIDE to government assistance available for small enterprises has been published by Finance for Business in association with the Institute of Chartered Accountants.

It provides simple explanations of the various kinds ef the national and regional aid on offer and where to go to obtain them. "Government Assistance" is evailable from 1,000 firms of chartered accountants, but can also be obtained by sending £3 to Finance for Business Publishing, 6 Hanover Street, London W1R 9HH. The company plans to publish a second guide in September about raising finance from the private sector.

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The guide costs £4.95 and will be updated annually. It can be obtained from Donald Black, Blay's Guides, Churchfield Road, Chalfont St Peter, Bucks, SL9 9EW. Telephone 0753 884417.

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APPOINTMENTS

Finance chief for building society

NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Mr Terry P. Carroll as general manager (finance) designate from October 1. The appointment has been announced in anticipation of Mr Peter Clough's retirement from the position of general manager (finance) towards the end of 1986. Mr Carroll joins National & Provincial from the Halifax Building Society, where he is currently treasurer.

★

Professor John B. Taylor has been appointed director of pharmaceutical research of MAY & BAKER. He is visiting professor of medicinal chemistry at the City University, London.

★

Mr A. R. Harris has been appointed a non executive director of LYSANDER INVESTMENTS.

★

Mr Graham R. Mackenzie and Mr Sidney Taylor have been appointed to the board of the TI GROUP. Mr Mackenzie is chairman of TI's UK steel tubes businesses and joined the group in 1967. He was seconded to the *Government Central Review* Staff between 1981 and 1983. Mr Taylor is chairman of TI's automotive components businesses and joined the group in 1977.

★

Y. J. LOVELL (HOLDINGS) has appointed Mr Doug Blyth as joint managing director of Walter Lilly and Co. He will join Mr Dennis Sear, who has been managing director of Lilly for the past seven years, on January 1, 1986. Mr Blyth is currently managing director of Lovell Construction (Midland).

★

Mr Barry Blackburn has been appointed managing director of NASHUA COPYCAT, the UK subsidiary of Nashua Corporation. He succeeds Mr Doug Sawyer, who returns to a senior marketing position in the U.S. Mr Blackburn was managing director of the South African operation.

Mr Barry Blackburn, managing director of Nashua Copycat

★

Mr T. B. F. Thompson retires from the board of CEMENT-ROADSTONE HOLDINGS and from the T. B. F. Thompson Group as he wishes to devote his full attention to Garvagh Securities, which recently acquired the publicly-quoted Hurst Group. Garvagh Securities is an investment company, the principal shareholders of which are Mr Thompson, Mr R. J. Gillanders and Mr K. H. Cheevers. Mr Gillanders and Mr Cheevers, associates of long standing of Mr Thompson, will also retire from the T. B. F. Thompson Group and join in the management of Garvagh Securities and Hurst. Mr Wilson Ervin has agreed to become non-executive chairman of the T. B. F. Thompson Group. Mr Ervin was chief executive of the Northern Bank until his retirement in 1984.

★

Mr Roger Murray, chairman of Stowe & Bowden, Manchester, has been appointed to the board of the ROYDS ADVERTISING GROUP.

★

Mr Jim Scott, managing director of J. H. HAYNES AND CO. (main UK operating subsidiary) has been appointed to the board of the HAYNES PUBLISHING GROUP.

★

Mr A. J. Brightman has been appointed managing director of MERCANTOIL. Mr R. A. Eldridge has been made executive deputy chairman with full time responsibility for group strategy and development. Mr Brightman was formerly deputy managing director of Lyle Offshore Group. Mr F. G. Savage, managing director of Woodfield Systems, the oil and gas transfer systems division of Mercantoil, has also been appointed a director of Mercantoil. Mr F. Saunders has been appointed company secretary.

★

REED PUBLISHING USA has been formed to bring together the majority of Reed's publishing and exhibition activities in the U.S. This will comprise Cahners magazines and exhibitions, Reeds' worldwide exhibition activities and any future acquisitions. The principal executives of Reed Publishing USA will be Mr Norman Cahners (chairman), Mr Saul Goldweitz (president), Mr Ron Segel (chief operating officer), and Mr Robert Krakoff (executive vice-president). The chief operating executives of the largest divisions will be Mr William Platt, president, Cahners magazine division, and Mr Bryan Hope, president, Reed worldwide exhibition activities.

★

The following members of the board of the Burton Group have joined the board of DEBENHAMS: Mr L. Cooklin, Mr R. M. Halpern, Mr P. G. Plant, Mr G. A. Slater, Dr R. C. Woodman and Mr W. M. Wood. Mr J. R. Gillum, a non-executive member of the Debenhams board, has resigned.

Senior post at Wimpey Merchants

Mr David Heppell has been appointed deputy chairman of WIMPEY MERCHANTS, the holding company for the builders merchants operations George Wimpey. Mr Heppell is succeeded by Mr David Horner as managing director of Wimpey Merchants. Mr Horner was previously managing director of Monteith Building Services. In Scotland, Mr Mike Lynch is appointed director and general manager of Monteith Building Services. He was previously commercial manager (depots) for Wimpey Plant. Mr Arthur Davidson has become financial director and Mr Graham Kerridge commercial manager.

★

Following the pending retirement of managing director, Mr Ken Pengelly, Mr David Endacott has been appointed chief executive of Drinkmaster, the *drinks vending division of the* Initial Group. He was with ARA Services.

★

MANDARIN ORIENTAL HOTEL GROUP has promoted Mrs Clemencia Cardozo Wiese to vice president, regional sales—UK/Europe/Africa. She moved to London in early 1984 as regional sales director—UK/Europe/Africa.

★

COUNTY BANK has appointed Mr Peter Lyan as a director of its investment subsidiary, County Bank Investment Management. He was formerly with Scrimgeour Vickers and Co.

★

AITKEN HUME INTERNATIONAL has appointed Mr Michael Reid managing director of the group's UK investment management companies, Aitken Hume Funds (Management) and Aitken Hume Portfolio Management. He was previously marketing director of Reed Stenhouse Financial Services.

Mr Mike Reid, managing director, Aitken Hume Funds

★

Mr Derek C. Morrison has been appointed managing director of SEAGRAM RETAIL, the company with overall control of Oddbins and Gough Brothers. Mr Morrison joins Seagram from Thresher and Co, where he was managing director.

★

DRG has made Mr R. D. A. Clark a director from September 1. Mr Clark will be responsible for DRG's packaging business group and UK paper mills. He is currently responsible for DRG's bulk packaging operations and paper mills.

★

Mr John Cruickshank, has been appointed as financial controller of LEVER INDUSTRIES. He replaces Mr Alan Johnson who has transferred to the Unilever subsidiary UAC International in Nigeria. Mr Cruickshank was project commercial manager handling a factory relocation for Elida Gibbs.

★

THE BRITISH COMPRESSED AIR SOCIETY has appointed Mr Desmond Wall as director. Before joining BCAS he was marketing director of several companies within Charter Consolidated's industrial subsidiary MKR Holdings.

Changes at Lee Beesley

The LEE BEESLEY GROUP has made the following appointments: Mr John Robinson has been appointed managing director of Twyver Switchgear, the manufacturing division. Mr Robinson comes from Elequip, where he held an executive position. Mr John Keogh has been appointed director in charge of the southwest division which includes the Merthyr Tydfil, Gloucester and Bristol regional offices. Mr Keogh, who has taken over from Mr Peter Tomkins, southwest divisional managing director who recently took early retirement, was director and general manager of Lee Beesley Mech & Elec, Walsall. Mr Eric Cook, contracts manager of Lee Beesley Mech & Elec, takes over Mr Keogh's position as director and general manager. Mr Harry Smith, previously with Lee Beesley Mech & Elec, has been promoted to director and general manager of W. H. Taylor (Derby). Mr Harry Hill has been appointed as managing director of Lee Beesley Scotland and its subsidiary Thomas Laurie of Falkirk. Mr Michael Abbott, *formerly with Cape Industries*, has been appointed director of Lee Beesley responsible for all group mechanical activities. Dr John Hooper has been appointed managing director of Lee Beesley Energy Management. The appointments are part of a rationalisation plan to establish the operations of the group through five autonomous geographical divisions with 14 regional offices

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Tuesday August 13 1985

Dilemmas of two Davids

ONE OF the curiosities of British politics is the boredom factor: or, to put it another way, the tendency to concentrate on isolated events, the nine — or even one — day wonder rather than the continuum. Judged by such standards, the Alliance of Liberals and Social Democrats does not come out too well. It shines in by-elections, periodically flourishes in the opinion polls, but has not yet made a decisive breakthrough.

Taking the longer view, however, the prospect looks rather different and the Alliance could be said to be at least on course. There has been a move towards a third party vote in Britain since the Liberals began their resurgence in the lata 1950s, even if it was of the three steps forward, two steps backward variety. The formation of the Social Democratic Party and the subsequent emergence of the Alliance have reinforced that process, especially, hut not only, at by-elections.

To provide a key illustration: the argument about the wasted vote has lost much of its validity. It used to be claimed that a vote for the Liberals was a vote thrown away. It was e risk worth taking — a protest — at by-elections, perhaps particularly if the Tories were in office. Yet at a general election voters tended to revert to their original party for the Liberals were judged to hava no chanca of winning.

Under the Alliance that can be no longer taken for granted. At the general election of 1983, the Liberals and SDP together woo around 26 per cent of the vote, though only 23 seats in a parliament of 650 members because of the workings of the first-pasl-the-post electoral system. Given existing political trends it is not unduly difficult to imagine them winning (say) just over 30 per cent of the vote oext time and perhaps 50 sests. That would be more than sufficient to keep the Alliance going.

The converse, of course, is also true. Anything much less than that would suggest that the joint venture bad failed and would be almost certalnly the end of the two Davids, Owen and Steel, respectively leaders of the SDP and the Liberals.

The problem is what the Alliance can do to increase its momentum between now and the next election. Some of its supporters sometimes seem to be its own worst enemies. There is an excessive amount of internal debate about the relationships between the two parties. Should they merge, and if so, when? Should they have a single leader before the election takes place? Which David should it be? Which is the dominant partner, the Liberals or the SDP?

Such questions are very largely irrelevant to the wider political debate. The attraction of the Alliance is precisely that it is an alliance: two parties ready to come together in a common cause. A merger at this stage would be utterly artificial, quite apart from the practical difficulties of rewriting the parties' constitutions.

Intelligible

Equally, the desire of the two leaders to maintain separate identities for the time being should be well understood. The Liberals, after all, have e left wing — minus the trades unions — reminiscent of that which caused Dr Owen to leave the Labour Party. Mr Steel is probably genuinely to the left of the SDP. It is an electoral pact, not a common party.

As for e single leader, a moment's thought should make it clear that it is out of the question at present. Which David would stand down? Quite the best and most intelligibla thing to do would be to wait and see which party wins the most seats in the next parliament.

The task for the Alliance in the next two years is to show bow it differs distinctively from the possibly mellowing Toryism of the later stages of Mrs Thatcher and the growing revisionism of Mr Kinnock's Labour Party. Labour ran the Liberals pretty close at the by-election in Brecon and Radnor and no doubt some protest votes will return to the Tories at the general election.

What we need to hear from the Alliance is less about internal organisation and more about the kind of society it would like to preside over, and bow. At tha moment, there is more than a smack of opportunism.

France's long travail goes on

FRANCE'S recuperation since the first, disastrous errors of the Mitterrand regime does great credit to the determination shown since then. Growth is cumulatively still above the OECD average, although it seems likely to be painfully slow in the immediate future. Inflation has been more than halved to o little over 6 per cent and a further reduction looks achievable. The current account has been restored to balance and both internal and external debt is on a manageable scale. Unfortunately, there is still a long way to go. Competitiveness has been eroded in spite of large gains in productivity; the economy and especially the labour market is still beset with administrative and other rigidities, while unemployment, which is much higher than the painful official figures suggest once early retirement and other palliatives are counted, seems unlikely to fall.

Worst of all, luck and political time are both running out. The excelleot 1984 harvest, which did much to boost national output and consumer spending power, is likely to be succeeded by a pretty dismal one; this fact, and a trough in deliveries of the Airbus, will probably make the current account look fragile again. This will only increase the difficulties of a government which is determined, if possible, to defend the existing franc parity within the European Monetary System — at any rate until after the elections next year.

Profit margins

Meanwhila, private sector investment, which has been recovering in one or two industrial sectors but remains weak overall, is hampered not only by the uninspiring outlook for the domestic market but by uncertainty about policy after those elections, which seem likely to produce an assembly opposed to the President but divided among right-wing factions. Even the decline of the U.S. dollar, which should benefit France as a major oil importer, will put pressure on profit margins in the export market, which has been the one dynamic sector, after they bad been painfully restored through cuts in real wages, reinforced by labour shedding.

This is a forbidding picture after so much effort—not least for British readers, who may reflect that some of their own prospective problems may look somewhat similar as North Sea oil production declines from its recent peak. In both countries, the political race could prove to be a struggle to win a poisoned chalice; meanwhile, both governments are inhibited by electoral considerations from doing what economic analysis might suggest would be effective.

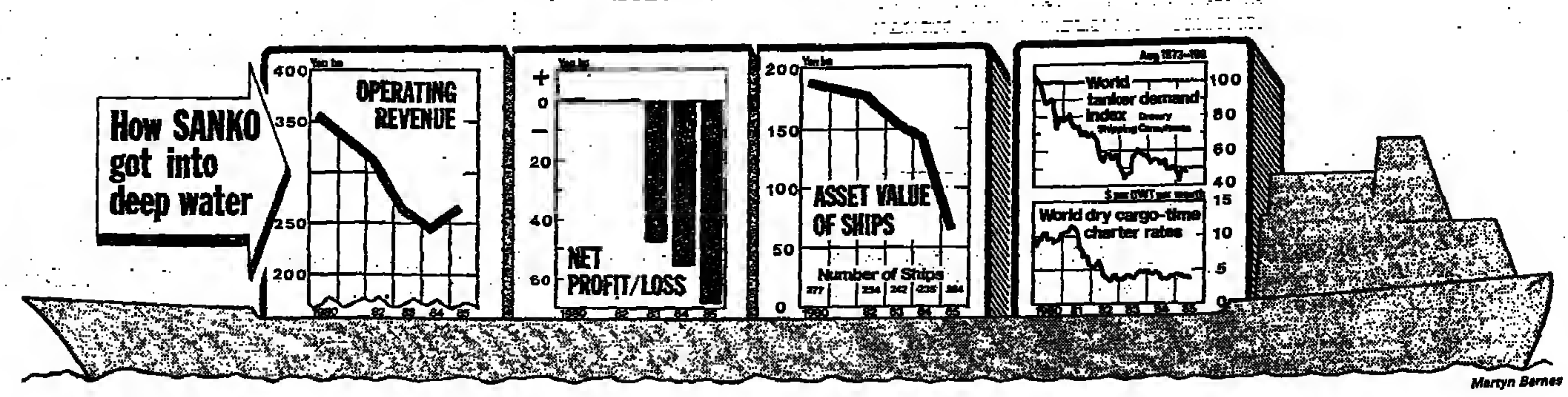
The OECD survey of the French economy clearly recognises these political realitiea in concluding that the Government should simply stick to its present policies. In an economists' ideal (non-political) world, the recommendations would clearly be rather different. There is a clear economic case for a modest exchange rate adjustment (and here the dollar decline affords a relatively painless opportunity); and equally clearly, any fiscal relaxation would do more long-term good if it were concentrated on cutting social security charges, which are a heavy burden on industry, rather than reducing France's not too burdensome taxes on personal income. Politics will produce the wrong answer to both these questions.

More encouragingly, the Government does seem willing to press on with its slow hnt determined decontrol of the French economy—a change which Britain has been ehle to achieve relatively painlessly with the aid of oil revenues. The subsidies and price controls which slow down investment and change in the industrial sector are going by stages, though the service sector remains in a tight administrative grip.

The OECD is more concerned with remaining wage rigidities, though under the existing restraints indexation has already gone, and bargaining is being pushed out progressively to the enterprise level. This preoccupation seems partly to spring from a reeding of the statistics, which show that French wage increases are pretty unresponsive to market pressures.

This does not seem too helpful. It is not altogether realistic to call for restraint and flexibility in the same breath—it is difficult to do gymnastics in a straitjacket; and it is notable that in some countries—notably, again, the UK—wages are still more statistically "rigid" without any controls. The sad fact is that, like smoking, "going rate" settlements are e hard habit to break, whatever the health hazards.

SANKO STEAMSHIP



The hole in the safety net

By Carla Rapoport in Tokyo

IN A country where big bankruptcies are remarkahly rare, the largest corporate collapse in post-war history seems set to take place. Executives of Sanko Steamship, the world's largest tanker operator, are expected to appear today at a district court in Kobe, Japan, and apply for court protection under a section of the country'a bankruptcy laws.

A somewhat maverick private-sector business with a wide spread of Japanese institutional investors, Sanko claimed its first political scalp yesterday when Mr Toshio Komoto, Sanko'a largest individual shareholder and a top cabinet minister, submitted his resignation to Prime Minister Yasuhiro Nakasone.

But Sanko will deserve a spot in the history books for more than the size of its debts — Y520bn (£1.6bn) in bank debts and another Y550bn of non-bank liabilities — and the importance of the political personalities it may swamp.

Speculation as to why the bankers' pulled the plug is rampant

Sanko's story is one of an almost pathological self-confidence, built on more than just its business acumen. Thanks to powerful domestic political allies and the high regard accorded to Japanese firms internationally, Sanko was able to inspire some of the shrewdest minds in the banking, shipping and trading industries with the same self-confidence. Over the next few months, many of these people will be beating their well-groomed heads against a wall, wondering why they supported Sanko for so long and for so much.

The answer to this question is two-fold. First, both inside and outside Japan there persists a belief in the Japanese safety net, a loosely-formed organisation of government officials and business executives, sometimes known as Japan Inc, which clicks into action when disaster threatens or opportunity beckons a major company or industry. The second part of the answer is the extraordinary parlous state of the world shipping industry.

Taking the notion of Japan Inc first, Sanko'a problems demonstrate that if such an animal exists it is more passive than active. Few companies could hava had such powerful political friends as Sanko. The company'a founder, Mr Toshio Komoto, has been e top Japanese cabinet minister on and off over the last ten years, a former head of the Ministry of Trade and Industry, and the leader of a faction in the ruling Liberal Democratic Party after leaving Sanko. Japan's Minister of Transport, Mr Tokuo Yamashita, is a member of the same faction and a close ally of Mr Komoto.

"No one politician could shift this problem. It's an economic problem, not a political one," said an official close to the crisis yesterday. Various government schemes to help bail out Sanko — under the guise of helping the depressed shipping sector — are still under consideration. But as far as Sanko's main bankers are concerned, these schemes could not pull Sanko out of the hole it is in.

The safety net fell to pieces less than two weeks ago when Sanko's main bankers met and decided that their Y5bn-a-month in life-line cash infusions must come to an end by the end of August. This money was allowing Sanko to pay its crews and fuel its ships. Sanko had been effectively bankrupt from last March, with only the largesse of its major bankers keeping it afloat.

Speculations in Tokyo as to why tha bankers pulled tha plug is rampant; some say that Daiwa Bank, the leading creditor, is now strong enough to absorb a large write-off. Others say that the banks realised that Mr Komoto no longer had the clout to engineer a bail-out scheme. The banks themselves yesterday were making no comment but whatever their reasons, their action represents a major setback for the Japan Inc theory.

Yet Japan's post-war corporate history has been notahle for the role played by banks (and the government) in sustaining important troubled companies. The major corporata failures of the last year alone — J. Osawa, the trading company, and Riccar, the sewing machine concern — were marked by the fact that neither enjoyed the backing of a prominent Japanese "main bank."

This, intriguingly, was not the case with Sanko, whose principal bankers are Tokai and Daiwa, sixth and 10th largest of the big "city" banks, and the Long Term Credit Bank, one of the three big institutionalised providers of corporate finance. It appears exceptional that such influential finance houses should have decided that enough was enough.

The shipping side of the story breaks a few shibboleths as well. In a country where the words: "to take a gamble" are pejorative, Sanko took just about every one in the book. The company pushed the shipping game to its outer limits. If tha market for ships and cargo had recovered last year, Sanko would today be celebrating.

The shipping business is more than just moving cargo around the globe. A major aim is to buy and sell ships at a profit, as well as making money from the mundane business of shipping goods and chartering ships.

In 1982, Sanko found it was not making money in any of those areas in its tanker business and was already in deep debt to its banks. So a rescue scheme was put together to move the company into the dry cargo, hulk carrier business. The gamble was that Sanko could commission a new generation of ships cheaply, undercut tha competition and make good profits.

Sanko found ready backers among the Japanese leasing and trading companies which were only too glad to finance the ships against the "security" of long-term charters negotiated by Sanko. Some of the backing for these ships, it is believed came from hungry foreign-owned banks in Japan, including Citibank, Chase Manhattan and others.

Under the scheme, 125 bulk carriers at about Y3.2bn each were ordered in mid-1982, to the joy of tha Japanese shipbuilding yards. Ironically, Sanko's bold move prompted others in the industry to begin building, thinking that the Japanese must have e reliable crystal ball. When the ships were built a year or so later, Sanko claimed it could break even on charters for about $6,500 a day, a super-reduced rate thanks to a two-year moratorium from the banks on the principle of the debt for many of tha ships.

Sanko was wrong. Within weeks of the new ships' arrival in the marketplace, chartering rates slid further. Tha current rate for the bulk carriers is now about $3,500 a day, less than half the break-even point, which went up to $8,000 to $9,000 a day when the banks' moratorium came off. With about 95 of the ships finished and operating, it is simply a matter of multiplication to see the rate at which Sanko has been bleeding.

"Tha shipping industry is in a lifeboat, with every man for himself," said e shipping executive yesterday. "For every one company like Sanko, there are nine other companies just as hadly off. The banks are in an invidious position. The ships are worth nothing if they aren't operating, but the earnings of the ships don't even cover the cost of keeping the crews on board."

On top of the Y520bn it owes to the Japanese banks and institutions, Sanko is estimated to be responsible for another Y550bn in so-called "non-book" liabilities, which include its commitments to long-term freight charters as well as other financial liabilities related to the 125 bulk carriers.

The banks which are believed to have lent that money were not answering their phones yesterday and it may be some time before the full impact of the Sanko affair is known. While Sanko read the market wrong, so did a number of large banks.

The rest of Japan's shipping industry is now waiting nervously to see if Sanko's problems will damage their standing internationally. The Sanko ships are not expected to become a drag on tha market, but are likely to be absorbed into the sector bit by bit. Those trading companies left with bulk carriers, for example, are likely to present them to affiliated shipping companies which will probably absorb them into their own fleets. Sanko'a tankers are expected to be sold in the world marketplace or scrapped.

The Sanko news, meanwhile, caused few immediate ripples on shipping markets, which have long grown used to its awesome financial problems. Shipbrokers in London expected little immediate impact on tanker or dry cargo freight rates, which have been weak for some time.

But some felt the long-term consequences could be frightening. "We've never aeen anything in our lifetime like it," said one broker. Another, less exercised about Sanko's fate, described it as "a clond over the sun which has been coming for rather a while."

The latest and the worst of a string of shipping upsets

Mr David Price, a dry cargo analyst with Drewry Shipping Consultants, said the main effect could be felt in the sale and purchase market, where ship values have already slumped.

Sanko's is the latest but by far the worst of a string of recent corporate shipping upsets that have included Irish Shipping, Salen of Sweden, and Reardon Smith of the UK. Those chartering ships to carry cargoes would now look very hard at their owners, said brokers.

Under the corporate rehabilitation law, it may be a month or two before the final fate of Sanko's assets and liabilities are known.

Additional research by Andrew Fisher in London and Yoko Shibata in Tokyo.

SOME KEY DATES FOR SANKO

1931—Sanko Kaiun (shipping) company founded.

1937—Toshio Komoto, then 27 years old, and fresh from Nihon University, became president. Under his aggressive leadership, Sanko's shrewd moves in both the tanker chartering market and stock market in the 1960's hrought it into the top rank of the world's tanker operators. Revenue from non-shipping business sometimes topped that of the shipping side. Because of its skilled speculation on the stock market, the company earned the nick-nama of "Sanko Securities."

1972—Sanko acquired 41 per cent of Japan Line in the biggest takeover bid in Japanese corporate history.

1972—Sanko's share price hit all time high of Y2,560. In the short span of two years from 1971, Sanko increased its share capital four times through the placing of new shares with third parties such as shipbuilders or steel companies.

1974—Komoto resigned from the presidency of Sanko and took over the post of the Minister for International Trade and Industry (MITI) in the Miki cabinet.

1983, April — Plan for 125 new ships accompanied by business reconstruction plan involving rescheduling of huge debts of Y290bn.

1983, June-October — Sanko tapped the equity market twice to issue new shares et a price of Y230-Y240.

1984, April — Business reconstruction plan — rescheduling af debts of Y290bn.

1985, February —. Credit crisis hits Sanko . . . Sanko's share price down to Y63.

June, 1985 — Mr. Yoichi Akishino becomes president of Sanko. Liabilities almost exceed assets in the year ended March 1985. Sanko's consolidated cumulative loss reached Y212bn, exceeding net assets by Y46.29bn.

August 7, 1985—The Ministry of Transport gives up the plan to buy up idle tankers.

August 8, 1985 — Three main banks have reached an agreement to stop extending new loans.

August 9, 1985 — Sanko share price falls to Y42.

Men and Matters

McCarthy pedals to Kleinwort

Callum McCarthy does not wish to be seen as yet another mandarin selling his soul to the city.

But McCarthy, who was private secretary to Norman Tebbit tha trade and industry secretary until being promoted to under-secretary earlier this year, is leaving none the less, to join merchant bankers Kleinwort Benson.

He has been close to Tebbit and it is thought in the DTI that he may have discussed the Kleinwort's offer with his boss. And perhaps Tebbit gave him the usual advice "On yer hike."

Is McCarthy doubling his salary? Trebbling it? Looking forward to a wad of "bello money"?

The department yesterday would only say that he will be getting "appreciably more" than his current under secretary'a salary of some £31,000.

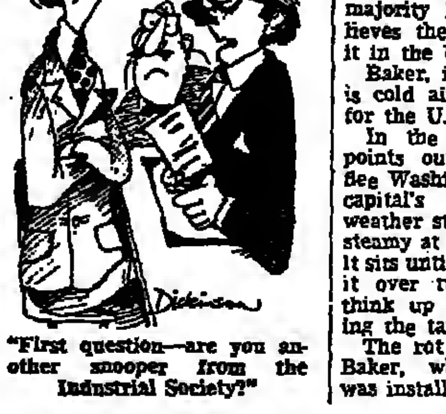
The main reason for McCarthy's departure from Whitehall for the City, however, is that he feels the relationship between the effort people put in and the tangible results becomes more and more diffuse the higher up the civil service hierarchy you go. He has been heard to wonder aloud what it is that deputy secretaries in Whitehall actually do — given that the good ones know how to delegate, and the decisions on highly charged subjects are usually taken by ministers these days.

Evidently he feels be will have more scope for action at Kleinwort'e where he will be an assistant director in the corporate finance sector.

McCarthy was the civil servant in charge of the privatisation of British Aerospace in 1981—a joh he is said to have enjoyed greatly — and Kleinworts were the merchant hankers for the sell-off.

McCarthy also had a Sloane Fellowship at the Stamford Graduate School of Business in California. The civil service contributed largely to the cost of the one-year course on condition that ha made no move to leave Whitehall for at least two years.

That was three years ago.



"First question—are you another snooper from the Industrial Society?"

Air-tight

Most parliamentary bodies, I would have thought, hardly suffer from a shortage of hot air. But former senator, Howard Baker of Tennessee, who retired as Senate Republican majority leader last year, believes there is not enough of it in the U.S. Congress.

Baker, indeed, thinks that it is cold air that is responsible for the U.S. budget deficit.

In the good old days, he points out, Congress used to flee Washington as soon as the capital's notorous summer weather started to run hot and steamy at the end of May. Now, it sits until early August, giving it over two months more to think up new ways of spending the taxpayers' money.

The rot set in, according to Baker, when air-conditioning was installed on Capitol Hill in 1938. Since then, the budget has almost invariably been in deficit.

His answer: Turn off the cooling system on May 31 every year and drive members back to their constituents to be lectured about the evils of budget deficits and over-spending.

Closing sale

Wallace Mackenzie, group managing director of Slough Estates, Britain's biggest industrial property company, has been given the job of selling off the Greater London Council'a surplus property "for the benefit of ratapayers" after the GLC is abolished next Easter.

Mackenzie, aged 64, a member of the New Towns Commission and a director of Investors in Industry, will be paid £12,000 a year for a two-day week as a member of the Residuary Body appointed by the Government to wind up the GLC's affairs.

The job could occupy Mackenzie for up to five years. Files on the GLC's property cover more than four miles of shelves at County Hall, which itself will be the prime piece of real estate in the portfolio.

There have been suggestions that County Hall, on the south bank of the Thames, could be turned into a first-class hotel; or, perhaps ironically, provide extra accommodation for overcrowded MPs in Westminster.

Who will end up with such notable London landmarks as Covent Garden markets, Kenwood House on Hampstead Heath, or indeed, the Heath itself, seems to be anybody's guess at the momeot.

It is not clear yet just what GLC properties will be transferred to the London boroughs, but Mackenzie will certainly have millions of pounds worth to sell.

Three other part-time members of the Residuary Body, headed by former Sutton Tory leader, Sir Godfrey Taylor, were announced yesterday.

They are Alan Blakemore, former chief executive of Croydon council; Jack Wolkind, former chief executive of Tower Hamlets council; and Jack Esling, retiring personnel director of the Thames Water Authority, whose task will be to sort out around 5,000 redundant GLC staff.

Slow time

British Rail chose the wrong day yesterday to indulge in a little boasting.

"Time-keeping — Nine out of 10 withing five minutes" trumpeted a press notice. Western Region published figures showing that almost 90 per cent of its passenger trains reach their destinations on time, or within five minutes of schedule.

Pity then that the Western Region railwaymen chose yesterday for a series of instant strikes, with the result that only one in three London commuter trains ever made it into Paddington.

The region's first driver-only freight train was shunted into a siding as railwaymen refused to handle it.

Within hours the cheerful notice about time-keeping was followed by a dire warning of "serious overcrowding and long delays," while guards, drivers, and signalmen fight BR attempts to make guards redundant by introducing one-man trains.

Watershed

Glad tidings from Holt Lloyd International's latest report and accounts:

"In Australia," it reports, "our factory was flooded just before we were due to move to new premises. The exceptional efforts of our employees ensured that our nw unit came on stream as planned and as a result, we hava been able to maintain a strong position in the market-place."

Some people, I suppose, would just have let things drift.

Observer

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hill Samuel	§11½%
Allied Dunbar & Co.	11½%	C. Hoare & Co.	11½%
Allied Irish Bank	11½%	Hongkong & Shanghai	11½%
American Express Bk.	11½%	Johnson Matthey Bkrs.	11½%
Henry Ansbacher	11½%	Knowsley & Co. Ltd.	12 %
Amro Bank	11½%	Lloyds Bank	11½%
Associates Cap. Corp.	12 %	Edward Manson & Co.	12½%
Banco de Bilbao	11½%	Meghraj & Sons Ltd.	11½%
Bank Hapoalim	11½%	Midland Bank	11½%
BCCI	11½%	■ Morgan Grenfell	11½%
Bank of Ireland	11½%	Mount-Credit Corp. Ltd.	11½%
Bank of Cyprus	11½%	National Bk. of Kuwait	11½%
Bank of India	11½%	National Girobank	11½%
Bank of Scotland	11½%	National Westminster	11½%
Banque Belge Ltd.	11½%	Northern Bank Ltd.	11½%
Barclays Bank	11½%	Norwich Gen. Trust	11½%
Beneficial Trust Ltd.	12½%	People's Trust	12½%
Brit. Bank of Mid. East	11½%	PK Finans. Intl. (UK)	12 %
■ Brown Shipley	11½%	Provincial Trust Ltd.	12½%
CL Bank Nederland	11½%	R. Raphael & Sons	11½%
Canada Permanent	11½%	Roxburghe Guarantee	12 %
Cayzer Ltd.	11½%	Royal Bank of Scotland	11½%
Cedar Holdings	12 %	Royal Trust Co. Canada	11½%
■ Charterhouse Japhet	11½%	■ J. Henry Schroder Wagg	11½%
Choulartons**		Standard Chartered	‖11½%
Citibank NA	11½%	TCB	11½%
Citibank Savings	‡12½%	Trustee Savings Bank	11½%
City Merchants Bank	11½%	United Bank of Kuwait	11½%
Clydesdale Bank	11½%	United Mizrahi Bank	11½%
C. E. Coates & Co. Ltd.	12 %	Westpac Banking Corp.	11½%
Comm. Bk. N. East	11½%	Whiteaway Laidlaw	12 %
Consolidated Credits	11½%	Williams & Glyn's	11½%
Co-operative Bank	11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		
Heritable & Gen. Trust	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
‖ 21-days deposits over £1,000 8.25%.
§ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

Letters to the Editor

A need to look to the future

From Mr H. Atherton

Sir,—While Michael Prowse's article on wages and jobs (August 9) was in most ways a timely nudge in the right direction, he signally fails to distinguish between "employment" and "unemployment."

If all that we derive, materially, from what we call "employment" were to be achievable by the pressing of one button by one man (or woman) each week, the division of the spoils is a political or social problem. Conversely, if we all have to graft for ourselves to live, it is not. We are always somewhere between the two and moving inexorably towards the former.

A friend once said that we needed another word for "unemployment," and suggested "funemployment." Until politicians and, for that matter, the rest of us face up to the fact that "employment," as we have come to regard it, is an historical bleep, our pronouncements will remain invidious.

We all need to look forward to a future for our children in which life fulfilment centres on values which are less connected to the earning of a crust and a cake; those of us who are lucky enough to have the choice, that is.

H. S. Atherton.
33 Tadcaster Road,
Dringhouses, York

Defence industry profits

From the Chairman,
Hunting Engineering and of the Joint Review Board Advisory Committee

Sir,—I write on behalf of the JRBAC, which is comprised of representatives of the major defence contractors, the Confederation of British Industry and those trade associations with particular interest in government contracts. The JRBAC represents the defence industry on matters referred to the independent review board for government contracts.

We have heard much of the £220m so-called windfall profits earned by the defence industry in the period 1980 to 1984; on July 25 it was reported by you that the public accounts committee thinks they should have been repaid to the Ministry of Defence.

In the years prior to 1980 inflation was higher than that anticipated in setting the target profit for government non-competitive contracts. As a result it is the MoD, not the contractors, that has gained most over the years from fluctuations in inflation. Calculations based on figures provided to the PA Committee by the MoD suggest that the net benefit to the Ministry over the years 1970 to 1984 will have been of the order of £100m. Perhaps the PAC would care to consider whether the MoD should repay its own "windfall" to the contractors.

The introduction of an annual rather than triennial review of the target rate with effect from April 1 1984 will mean that in future neither the contractors nor the Ministry are so exposed to fluctuations in the rate of inflation.

The purpose of this letter is simply to put the past record straight by using statistics for all the years covered by triennial reviews rather than a biased sample related only to the most recent years.

G. P. Dollimore.
103 New Oxford Street, WC1.

Accounting for small firms

From the President,
Institute of Chartered Accountants in England and Wales

Sir,—Mr James (August 5) maintained that the Institute of Chartered Accountants was applying pressure for "the retention of audit requirements for small firms, albeit in a reduced form."

I challenge Mr James to produce his evidence—or, better still, his crystal ball. The true position is that the institute is undertaking an extensive consultation exercise among members, both in practice and in industry and commerce, to determine their views on accounting and audit requirements for small firms. Armed with the results of that exercise, the institute's council will meet on September 4 to determine its formal response to the Government's proposals.

Only then will Mr James be in a position to see what view the institute takes of this complex matter.

B. G. Jenkins.
PO Box 433,
Moorgate Place, EC2.

Profit and loss—and cash

From Mr A. Phaure

Sir,—In adolescence one places a naive and touching faith in the gospel of any set of numbers given in a profit and loss statement—but with differing accounting conventions and differing rates of inflation one's faith eventually becomes undermined. With old age, therefore, comes an increasing reliance on things that are green, foldable and can be counted. Unfortunately, however, the massive volatility which we have suffered recently in exchange rates is going to make a nonsense even of source and application of funds statements where the "single column" convention is used, because shareholders will have no way of differentiating between those movements in successive balance sheets which are real cash movements from those which are caused merely by the use of different exchange rates—and, where the situation has been complicated by acquisitions and disposals, the whole thing becomes totally unintelligible.

There are only a few months left to the year end and it would be rather nice to think that boards of directors are now giving urgent consideration as to what alterations to make to their source and application of funds statements so that they not merely conform to the silly minimums of the statement of standard accounting practice but actually provide information which is helpful to their shareholders.

Angus Phaure,
Mount Meru, Mersham Lane,
Gerrards Cross, Bucks.

Hazardous waste disposal

From the Deputy Director,
Company and Environmental Affairs, Confederation of British Industry

Sir,—The House of Lords select committee is quite correct in drawing attention to the unsatisfactory practices at some landfill sites for the disposal of hazardous wastes (August 9). The Government's hazardous waste inspector reported in June that the attitude of those involved ranged "from the thoroughly professional to the downright neglectful."

The select committee is unjustified in pointing an accusing finger at the industrial representatives on the Department of Environment's committee reviewing the 1980 Special Waste Regulations. These representatives, of whom I am one, have never sought to condone bad practice.

The real source of the problems is the ineffective use and enforcement of licences for waste disposal sites. The industrial representatives have repeatedly drawn attention to this, as has the Government's hazardous waste inspector. Sadly, this matter has had too little attention from many of the local authorities concerned, although it is being more positively addressed now.

The majority of the review committee did not favour the House of Lords suggestions for more administrative requirements on the grounds of their impracticability and enforcement difficulties. The industrial representatives are only one element of this majority, and it is, therefore, with some dismay that we find ourselves singled out for criticism by the select committee.

R. R. Martindale.
103, New Oxford Street, WC1.

Trade union movement

From Mr A. Ross.

Sir,—In your leader of August 5 you state that a possible consequence of a fission within the British trades union movement would be to create "perpetual competition" between the "reformists" and others, and you draw a comparison with the French CGT, and the "reformist" French unions.

What you fail to mention is the fact that the support for the far left ideological union in France, the CGT, has been rapidly dwindling in recent years, whereas support and hence membership, of the "reformist" French unions such as the CFTC, the CGC and the FO, has been growing steadily. There is even evidence to suggest that members have left the CGT in order to join one of the "reformist" unions. Perhaps the British unions should take heed.

Andrew Ross.
287 Dalkeith Road,
Edinburgh.

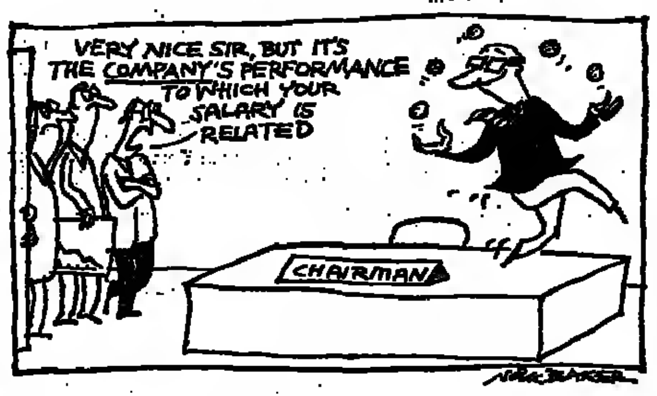
Density of tourists in Vienna

From Mr J. Bone

Sir,—Your report August 8, that "the level of the Danube in Vienna, which is full of tourists, more than doubled over Tuesday night. . . ."

Archimedes would no doubt have been able to explain why and, had he been versed in economics, to describe a curve showing the relationship between the density of tourists and the price of Austrian hotel rooms.

J. P. Bone.
7 Beryl Road, W6



High incomes carry high risks

From Mr J. Tunnicliffe

Sir,—There is nothing new about salesmen (and saleswomen) receiving large incomes. Like incomes in the entertainment industry they are performance-related, the performance of salesmen being their ability to enhance markedly the profitability of their employers.

I should be surprised if the young lady's £50,000 (July 31) was not a performance-related "package." If her sales are disappointing her income is unlikely to be maintained.

Many of the large salaries of executive chairmen and managing directors are also performance-related. One has the impression that Sir Kenneth Corfield's last salary increase made his resignation from STC the more likely when that company's results became known.

"Top people's" salaries are not performance-related, and the security of their position contrasts sharply with the precariousness of that of the salesman — or even the chairman.

J. D. Tunnicliffe.
100 High Street,
Great Abingdon, Cambridge.

Tax-free perks—abolish them

From Mr S. Denby

Sir,—Mr E. R. Gillett (August 6) raises quite a number of questions regarding the vexed, rampant problem of tax-free perks. Isn't it time this practice was totally abolished so that the simpler and fairer system of levying income tax be on the salary/wage only?

Incidentally I have often wondered if perks contravene the Truck Acts.

S. R. Denby.
37 Silverdale Ave,
Guiseley, Leeds.

From Mr J. Kent

Sir,—With reference to the letter from E. R. Gillett on perks (August 6) I work for an airline and his figure for a flight is 50 per cent of the actual sum. We normally only travel stand-by and there are frequent embargoes on certain routes. At least we contribute something to the company.

What about discounts for shop workers, cheap bank loans to staff, discounts to travel agency employees and cheap cars to motor workers? Why should these not be taxed also if Mr Gillett has his way?

John C. Kent.
122 Harbord Street, SW6.

Motivating management by money

From the Chairman,
British Institute of Management

Sir,—The British Institute of Management has widespread evidence that money incentive schemes are being more widely used to motivate managers, as Michael Dixon pointed out (July 31). And a good thing too.

While BIM's management salary survey showed that pay has risen by an average of 10.6 per cent in the last 12 months, it is worth remembering that we are still only twelfth in the international management pay league, with Britain's senior managers receiving £22,500 a year against £39,800 (sterling equivalent in the United States, and £36,700 in France.

But financial incentives are no substitute for the total package of winning commitment to the job. A study of some 2,000 managers showed that they are as much, if not more, concerned about the nature of their jobs than about financial rewards.

The message is clear. We must take a hard look at our performance feedback systems and career structures. It is a mistake to think that financial carrots are the quick and easy way to improve results. Managers do not have Pavlovian instincts—management is about leading and there is more to leadership than that.

(Sir) Peter Parker.
Management House,
Parker Street, WC2.

The Duty free concession

From Mr R. Ledingham

Sir,—Your editorial "Privatising a tax concession" (August 5) questions whether after privatisation of British Airports Authority the Duty free concession is immovable "on the shaky logic that it exists abroad."

That is not the logic that justifies airport Duty free shops. When ships are on the high seas they are not subject to any country's tax jurisdiction. Thus, they can sell goods to their passengers without collecting or paying any taxation. When passenger aircraft came along as a means of transport, it was successfully argued that international airspace was the equivalent to "high seas" and they could sell Duty free goods to their passengers. Much more importantly, the fuel which they used was also Duty free. When passengers disembark, it is considered unreasonable to allow them to retain a reasonable amount of unconsumed liquor or tobacco purchased in this way. Thus, Duty free allowances have been set by individual Customs authorities throughout the world.

I believe it was Shannon Airport (then a major staging airport on the North Atlantic routes) that first established a ground-based Duty free shop, available to departing and transit passengers. This was very successful, revolutionising the economics of airport operation and has now been copied almost throughout the world.

Any threat to BAA's Duty free shop concessions will not arise from within the UK (in fact, UK Customs has just removed a requirement that an airport must have more than 100,000 international departures before it would permit a Duty free shop). Any threat will come from the Governments of destination countries withdrawing Duty free allowances.

Within the context of BAA's profitability, it is important to realise that although a large cosmopolitan range of Duty free liquor and tobacco products is the initial temptation for many passengers, an international airport is a magnificent retailing opportunity for other items including high price gift items.

Customers frequently have an enforced wait, just outside the shop, they have a higher than average purchasing power, and at Heathrow and Gatwick a high proportion will be faced with their last big opportunity to purchase before return to their home country.

The major threat to BAA's Duty free shopping facilities comes from the EEC where, assuming that there will eventually be tax and duty harmonisation, pressure may build for the banning of Duty free allowances for inter-Community travel.

The EEC would shed few tears for BAA's lost profits if such a step were taken, but it is worth considering the effect of such action on both the healthy growth reported in your recent survey of regional airlines and airports, and on the tourist industries of southern Europe.

Profits from the sale of Duty free goods are more than 50 per cent of the profits of the majority of regional airports, and of the charter carriers that do so much to maintain their viability. Fuel is approximately 40 per cent of the cost of holiday flights. If that were taxed, it would direct much of the traditional German and British tourism to Greece, Spain, Italy, Portugal and France to destinations such as North Africa, Yugoslavia, Bulgaria and the Caribbean. Not a near prospect, one would hope.

R. A. Ledingham.
Roseview,
Main Street,
Hethe, Bicester,
Oxon.

No doubt they tossed for it

From Mr C. Simons

Sir,—Relevant to recent correspondence about the £1 coin, some readers may be distressed to know that in the August edition of Power News, house journal of the Central Electricity Generating Board, there appear, in artwork illustrating the finances of the Board, facsimiles of the United Kingdom and Scottish £1 coins.

For an organisation having a Welsh chairman and with no jurisdiction north of the Border, why the Thistle and not the Leek?

C. W. J. Simons,
The Willows, Cord Lane,
Easenhall, Nr. Rugby.

Civil Service pay

Why the unions and Treasury are talking

By David Brindle, Labour Staff

NOW THAT the brouhaha surrounding salary increases for the 664 most senior civil servants is subsiding, attention is turning to the unresolved issue of how to determine the pay of the other 499,000.

Civil Service union leaders were among the few people to welcome the awards, averaging 12.2 per cent in a full year, made to the mandarins following the report of Lord Plowden's Review Body on top salaries. Judging that the report was "a good old-fashioned comparability exercise," Mr Alistair Graham, general secretary of the Civil and Public Services Association, commented: "What's sauce for the goose is sauce for the gander."

This was somewhat disingenuous. For Mr Graham, his fellow union leaders and Treasury officials are, as it happens, in the process of concocting a sauce for the Civil Service as a whole and are far from agreed on the ingredients.

Unsurprisingly, the unions would like the Civil Service to have a long-term system for fixing pay on the overt basis of comparability with the outside world. Equally predictably, Ministers would not. Any system they approved would have to be rooted firmly in market factors of recruitment and retention of staff and to be qualified by considerations of cost.

This divergence raises two questions: can common ground be found and, if so, is there a will to compromise?

Perhaps the most hopeful sign is that the two sides are talking at all. The Civil Service has been without a settled procedure for pay determination since 1980, when the Government abandoned the Pay Research system set up in 1956. That system, based solely on pay comparisons with outside jobs in both public and private sectors had, in the Government's view, lost credibility, after its recommendations were set aside five times in 10 years.

In 1982, the Megaw inquiry proposed a fresh system, broadly supporting the Government's desire to make Civil Service pay subject to market forces, but talks on implementing it have hitherto made little progress. One factor was the souring of relations caused by the GCHQ affair last year. Another was that the relatively modest Civil Service settlements in the last three pay rounds—4.9 per cent, 4.5 per cent and 4.9 per cent this year—can hardly have spurred Ministers to replace the present system of free collective bargaining.

Why, then, should the Treasury have bothered proposing the re-opening of discussions on a long-term system? According to the unions, because almost 100,000 of their members voted for industrial action this year in an ultimately-aborted pay campaign, and because of what has since been manifested as "the Brecon and Radnor syndrome," the electoral muscle of dissatisfied public servants.

The Treasury makes light of such explanations. The real reason for its offer of talks, it says, is that both sides dislike free collective bargaining and are, frankly, not very good at it. "Civil servants like rules; Ministers like rules; the rules of the game are very important in the Service," says one senior official.

There is a third theory: that Ministers are increasingly concerned at evidence of a slump in morale and motivation among civil servants.

Whatever the impulse for the current talks, the unions accepted the invitation with caution. There have since been about half a dozen meetings in search of common ground on what would be neither a pay review system nor free negotiations, but "informed collective bargaining."

The core of any agreement would be Megaw's proposal for an annual survey of outside pay movements (rather than pay rates as under Pay Research) in the private sector alone. This would both inform subsequent bargaining and partly constrain it in the sense that settlement figures would have to fall within the inter-quartile range—that is, between 25 per cent and 75 per cent of the full range of movements found by the survey.

This element is relatively non-controversial, and it would not seem difficult to overcome two of the potential stumbling blocks: the insistence by some of the unions on measures to help the lower-paid; and the Treasury's insistence on an over-ride mechanism. On the first, the Government's position is that it will be prepared to discuss how to divide the cake once it is baked; on the second, the unions are prepared to accept an emergency over-ride provided it is explicitly "non-discriminatory" and applies to the whole of the public sector.

Much greater difficulty is presented by two other obstacles: the unions' demand for a survey of outside pay *levels*, in addition to *movements*, and their determination to secure unilateral access to arbitration.

At the heart of the argument over pay levels is the Government's wariness of comparability. Megaw recommended a four-yearly review of pay and benefits as a cross-check and counter-balance to the surveys of annual movements, but even this seems to be anathema to ministers. The most they are likely to concede, according to officials, is a "looking-out-of-the-window exercise on specific grades over which there is concern on grounds of recruitment and retention or motivation."

The unions, though with differing degrees of conviction, all support the need for a fully-fledged levels survey. On their calculations, Civil Service pay fell 15 per cent behind retail prices and 29 per cent behind outside pay between 1980 and 1985, before payment of this year's 4.9 per cent rise.

The Treasury, using a different statistical base, calculates that Civil Service pay rose by 2.2 per cent more than retail prices over roughly the same period and that the shortfall against outside pay was merely 3.4 per cent.

The official side holds firmly to the view that civil servants' salaries should anyway be "discounted" as the Plowden team put it, to take account of their index-linked pensions and job security.

On arbitration, the unions are at present adamant on the need for unilateral access. The Government has refused arbitration in each of the past two pay rounds and is determined to maintain that reference must be by agreement. Even then, it is likely to want arbitration restricted to consideration of the inter-quartile pay range.

While the problems of arbitration and pay levels are causing most concern at the Treasury, the unions are equally worried by a conundrum: if the Government concedes a pay system, where does that leave its cash limits policy?

This is an issue never satisfactorily dealt with by Megaw. The Treasury, too, seems unclear, pointing out that Ministers have access to the contingency reserve and that they would not be considering a pay system if they did not intend to honour its findings.

The unions are unconvinced. They point out that the Expenditure White Paper in January made provisions below inflation for the Government's pay bill through to 1988 and that the leaked plans for departmental running costs targets also assume pay increases 0.5 per cent below inflation for the next three years. Where, they ask, will they retrieve their claimed 15 per cent shortfall?

Full agreement seems some way off—if it is at all achievable. The best that can be hoped for this year is probably a limited outside "movements" survey to set the parameters for negotiations. Whether even this can be agreed will depend very largely on the course of the next round of talks, likely to be held during the TUC conference in Blackpool next month.

If there is no agreement, then there are unlikely to be any further discussions on a long-term pay system until after the next general election. As one union leader put it: "We will just sit on our hands and wait for the election to show what disgruntled civil servants can do."

FINANCIAL TIMES

Tuesday August 13 1985

Boeing 747 may face scrutiny

BY LYNTON McLAIN IN LONDON

THE CRASH of the Japan Air Lines Boeing 747 SR high capacity jumbo jet 31 minutes after take-off in Japan yesterday could be a turning point in the 15-year history of the world's biggest airliner.

The crash would be worst of its kind in aviation history if there were no survivors.

Aviation experts, including those from Boeing and other airlines flying the 747 jumbo jet are awaiting the outcome of investigations into the cause of the crash of an Air India jumbo jet off the coast of Ireland in June, when 329 people lost their lives. This was the world's third worst air disaster.

Of the 15 accidents involving Boeing 747 jumbo jets since the aircraft's airline service started 15 years ago, three crashes have occurred when jumbo jets disappeared from radar screens without warning and for no apparent reason.

A further three crashes have occurred when jumbo jets have tried to land.

Two jumbos were lost when KLM and Pan American aircraft collided on the ground at Tenerife airport. This remains the world's worst air disaster with 582 people killed.

Two jumbo jets have been lost by fire on the ground, and two have been sabotaged on the ground by terrorists.

The remaining three jumbo jet losses were caused when a Korean Air Lines 747 was shot down by the Soviet Union; when a Lufthansa 747 crashed on take-off at Nairobi as a result of pilot error and when an Iranian Air Force 747 was lost in mid-air for unknown reasons.

The Boeing 747 jumbo jet is widely regarded by airlines as their flagship, with high-earning potential as a profitable passenger carrier. A total of 618 jumbo jets have been delivered by Boeing since 1970 to 68 airlines around the world. These aircraft have carried 580m passengers.

The Boeing jumbos range from models with 330 seats to the Boeing 747 SR with its capacity of 550 seats, the type that crashed in Japan yesterday.

Boeing is considering introducing an additional model, the 747-400 with 400 seats and a range of 7,000 miles, to serve popular, long-haul routes.

Attention in the wake of the Japan Air Lines crash is likely to focus on the structure of the jumbo jet, especially if it is confirmed that there was a problem with the door in flight.

Unless there was an explosion on board adjacent to a passenger door, it appears at this stage unlikely that one of the doors could have been at fault. They are designed as "plug-type" doors and are bigger than the hole they fill to ensure that they cannot fall out.

The 747 also has three cargo doors. One is a plug-type door, and two are large leaf doors with hinges at the top. The aircraft also has a small crew access door, also of a plug-type design.

Each Boeing 747 jumbo jet has four separate systems to ensure pilot control in the event of one system failing. The aircraft is also built with more than the minimum structural parts to ensure that it can continue flying in the event of one crucial part failing.

"The 747 has three main wing spars compared with other aircraft which only have two main wing spars," Boeing said yesterday.

Boeing tested a jumbo jet airframe for 60,000 hours of simulated flying during the aircraft's design stage in the 1960s. After this period, parts of the structure were cut with hacksaws, and the aircraft flown for a further 12,000 hours.

This total of 72,000 hours simulated flying compares with the 25,025 hours flown by the Boeing 747 SR of Japan Air Lines that crashed yesterday en route from Tokyo to Osaka.

Two other 747s in service with other airlines had already flown 60,000 hours, Boeing said yesterday.

Previous losses of Boeing 747 jumbo jet airliners since introduction to airline service in 1969:

1970: Pan Am – blown up on ground at Cairo by terrorists.
1973: Japan Air Lines – blown up on ground at Bengazi by terrorists.
1974: Lufthansa – crashed on take-off at Nairobi wing slats not extended by pilot for take-off.
1975: Air France – empty aircraft caught fire on ground at Bombay.
1976: Iranian Air Force – exploded in mid-air. No details.
1977: KLM and Pan Am – two 747s caught fire after collision on runway at Tenerife. 582 people killed.
1978: Air India – disappeared from radar after take-off from Bombay. Crashed in sea. 213 people killed.
1980: Korean Air Lines – crashed on landing at Seoul airport.
1983: Korean Air Lines – shot down by missile from Soviet fighter aircraft after alleged incursion into Soviet air space. 269 people killed.
1983: Pan Am 747 crashed off runway at Karachi.
1983: Avianca – aircraft hit hill on approach to Madrid airport. 185 people killed.
1985 March: UTA Boeing 747-300 caught fire in hangar in France.
1985: June 23 Air India – aircraft disappeared from Shannon air traffic control radar 120 miles south-west of Ireland while on a scheduled flight from Toronto and Montreal, via London to Bombay. 329 people killed.
1985: August 12 Japan Air Lines – high passenger capacity jumbo jet disappears from radar screens on approach to landing. Pilot reported trouble with the rear door shortly before the aircraft went down. More than 500 passengers believed killed.

Midcon $1.15bn U.S. gas pipeline takeover

By William Hall in New York

MIDCON Corporation, the U.S. gas pipeline company based in the upper Mid-West, has made an agreed $1.15bn bid for United Energy Resources, a Houston-based pipeline company which has been the subject of considerable takeover speculation in recent weeks.

The deal is the latest in a series of takeovers in the U.S. gas pipeline industry where companies have been hit by falling prices, sluggish demand and increased competition following a partial deregulation of the industry which is leading to widespread consolidation.

MidCon will today begin a cash tender offer at $41 per share for up to 18.1m shares, or 65 per cent of United Energy's total outstanding. The balance of the shares will be swapped for MidCon common stock at a ratio of between .904 and .900 a share of MidCon common. The exact ratio will be determined by the ratio between $41 and the average closing prices of MidCon common stock for the five trading days preceding the United Energy shareholders' meeting.

United Energy Resources' shares, which have risen by a third this year on the back of takeover speculation, jumped $3⅛ to $39⅞ in early trading yesterday. MidCon shares, which had been bid up to $55⅛ earlier this year when merger talk in the gas pipeline industry was at its peak, fell $1 to $43 in early trading.

Mr O. C. Davis, chairman of MidCon and Mr J. Hugh Roff, chairman of United Energy, said the combination of the two groups would "create one of the largest and most flexible gas pipeline marketing systems in the nation, with access to a wide range of gas supply and market areas. Consumers in all of our market areas will be better served through the synergies resulting from the combination."

Both companies are roughly similar in size in terms of revenues of $4bn a year. However, MidCon, which earned $146m in the year to the end of September 1984, is considerably more profitable than United Energy which earned $36m in its last financial year. Its earnings have been hit by write-offs and the company faces as much as $1bn in claims as a result of its decision to cancel contracts to buy expensive gas from producers.

The takeover is the latest in a string of acquisitions which is changing the face of the U.S. gas pipeline industry. Earlier this year Internorth bought Houston Natural Gas for $2.3bn and Coastal Corporation paid $2.5bn for American Natural Resources.

Armed Zulus keep peace in Durban's townships

BY OUR FOREIGN STAFF

DURBAN'S riot-torn Indian and black townships returned to a watchful calm yesterday, after five days of unrest which have left an estimated 65 people dead, about 1,000 injured and wide-scale damage to homes, shops and property.

Members of Inkatha, the largely Zulu conservative mass movement, patrolled the black townships armed with knobkerries and sticks to ensure a return to work and classrooms.

Police yesterday sealed off the black township of Kwathema to the east of Johannesburg, searching cars and forcing pupils to return to their classes. According to unconfirmed reports, the police administered beatings to children they found out of their schools and patrolled school premises.

At Mamelodi township outside Pretoria, a weekend of violent fighting between residents left several people dead, while yesterday residents were prevented from going to work by youths who barricaded streets with rubbish containers, stones and tins.

In Johannesburg, riot police whipped and chased a group of white and black students urging consumer boycotts. The boycott campaign has spread from the Eastern Cape recently to Johannesburg and Pretoria, with a boycott planned for Cape Town next Wednesday.

The Black National Union of Mineworkers (NUM) alleged yesterday that mine managers were intimidating workers from joining a threatened strike on August 25. The union also said that some of its officials had been picked up by the security police and questioned on the proposed strike.

The NUM claimed that several mine managers had threatened employees with dismissal if they went on strike and that managements were buying arms, ammunition and armoured vehicles for use against strikers.

The NUM has repeated its willingness to consider realistic wage offers from the mineowners. It also said that planning of the boycott of white businesses near mining towns was at an advanced stage. The union hopes that the boycott – in protest against the Government's state of emergency – will be in full swing within a few days.

In Pietermaritzburg a judge said at the treason trial of 16 leading members of the United Democratic Front (UDF), the leading anti-apartheid group in the country, that he might have to order prosecution lawyers to provide more details of the charges against the defendants.

Mr Nick gey van Pittius, prosecuting counsel, told the court he would give it a copy of a publication called Dawn, which some of the 16 are accused of distributing.

The judge, Mr John Milne, said: "If at the end of the trial all you have got is that the accused joined a conspiracy by distributing a document I will have to discharge the accused. No reasonable man could draw that inference."

AP reports from Jerusalem: Mr Shimon Peres, the Israeli Prime Minister, pledged yesterday after meeting Chief Gatsha Buthelezi, the moderate black leader, to use Israel's connections with the white-ruled Government to appeal against apartheid.

Mr Peres endorsed the non-violent approach urged by Chief Buthelezi, leader of 6m Zulus, who urged Israel to "use its diplomatic clout to influence South Africa to move the people towards a negotiated future."

Floating oil dumps proposed

BY IVO DAWNAY IN BRUSSELS

A NOVEL proposal for floating "rubbish dumps" to collect oil jettisoned by ships in the Mediterranean is to be put to the 16 signatories of the Barcelona Convention when they meet in Genoa, Italy, next month.

The European Commission plan is aimed at tightening existing restrictions on ships that have, for a long time, spoiled coasts by cleaning fuel tanks at sea.

It comes under the so-called Mediterranean Action Plan developed by the United Nations environment programme. The plan was adopted by almost all the countries which adjoin the sea at a conference in Barcelona in 1975.

The EEC proposal recommends:

- The creation of floating reception areas near ports and other protected area where the level of maritime traffic demands them.
- Incentives for private companies to set up a pilot project as soon as possible under an international tender.
- Pressure on ships to use the facility and a system of reports on the effectiveness of the scheme.

The announcement of the project in Brussels yesterday gave no indication of the cost of the floating dumps, or how they should be financed. Nevertheless, the move looks certain to be greeted with enthusiasm by the ecology lobby that yearly grows more vociferous over the state of Mediterranean beaches.

Pollution from ships is covered under an international agreement – Marpol 73 – which lays out common arrangements for the reporting of pollution, prevention and control measures and the arbitration of complaints.

The Barcelona Convention, which came into force in February 1978, tightened these regulations by adding four protocols specifically laying down measures for the Mediterranean. An outline of the floating dumps plan was presented by the EEC at a special meeting of representatives of the signatory states in Brussels last month.

Kockums wins Polish ferry order

KOCKUMS, the shipbuilding subsidiary of the state-owned Swede-Yards group, has been awarded a SKr 400m ($47.6m) order to build a car, rail and passenger ferry by PZB, the Polish state shipping company, which was unable to place the order at home, writes David Brown in Stockholm.

The vessel, which will hold 500 passengers and has space for a 32-car train and 42 lorries, is to be delivered in mid-1987 and will go into service on the Swinoujscie-Ystad (Sweden) route.

PZB has been anxious to expand its service on this route to meet growing commercial traffic, but "the Polish yards don't have the capacity to deliver on time," said a Kockums spokesman.

Earlier this year, Polish shipyard authorities were forced to turn to another Swedish company, Skanska, to complete four car-passenger ferries which had been ordered by Stena Line in 1978 and were three years behind delivery schedule.

The order is denominated in Swedish Kroner on an 8½-year credit line and was won in competitive against German and Spanish shipbuilders.

The order has provided an important breathing space for the hard-pressed Swedish state shipbuilder, which was forced to lay off a quarter of its workforce earlier this year. Kockums concentrates on production of submarines, roll-on, roll-off vessels and specialised cruise ships and ferries.

The group has two large cruise ships in the final stages of construction. It faced lay-offs for a number of its steelworkers this year if it failed to win a new order.

Standby loans 'could strain U.S. banks'

By William Hall in New York

EIGHT of the top 10 U.S. banking groups would breach the Federal Reserve's minimum primary capital ratios if their exposure under standby letters of credit, which they are guaranteeing, were included in the calculations.

Keefe, Bruyette & Woods, a leading U.S. bank stock firm, was calculated that only J. P. Morgan and First Interstate Bancorporation would have primary capital ratios of over 5.5 per cent if standby letters of credit were included in the calculation.

Manufacturers Hanover Trust's primary capital ratio falls from 5.72 per cent to 5.01 per cent and Bankers Trust's ratio drops from 6.23 per cent to 5.35 per cent, according to the Keefe study.

The 30 top bank holding companies in the U.S. experienced a 33-basis-point fall in their average primary capital ratios after standby letters of credit were added in, according to the study. If the minimum primary capital ratio was raised to 6.0 per cent, more than half of the top 30 U.S. banks would fall below the minimum. This would require them to raise $4.6bn in new capital.

There has been considerable speculation that U.S. bank regulators may soon move to count bank standby letters of credit into their capital ratio guidelines because of concern that this rapidly growing business is leading to sizeable potential risks which are not immediately obvious by looking at a bank's balance sheet.

At the moment, banks are only obliged to disclose their exposure to standby letters of credit as contingent liabilities.

When a bank issues a standby letter of credit, it assumes a contingent liability since it is guaranteeing a payment if a third party fails to pay. For this guarantee it charges a fee which ranges from ½ of a per cent to 1½ per cent.

Union Carbide defends safety system

Continued from Page 1

distinct from methyl isocyanate, the gas which leaked with such devastating effect at Bhopal. According to medical officials, aldicarb oxime is only mildly toxic and needs to be absorbed in large quantities to prove fatal.

Even so, the accident is bound to raise renewed doubts about the plant at Institute, where the company admitted to several small gas leakages earlier this year.

In the wake of the Bhopal disaster, the Institute unit making methyl isocyanate – a vital ingredient in the manufacture of Temik, one of the most successful insecticides in the world today – was closed down and thoroughly overhauled.

Yet it was in this section that the new accident occurred, apparently because of a faulty valve in a pipe carrying aldicarb oxime in the processing system. Aldicarb oxime is subsequently mixed with methyl isocyanate to make aldicarb, a less toxic material, before shipment to another Union Carbide plant in Georgia for the production of Temik.

Safety procedures were also reviewed at the Institute plant earlier this year, and were passed by a government team from the Federal Environment Protection Agency.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	32	90	Malaga	S	25	77	Salzburg	S	29	84
Akrotiri	S	31	88	Faro	S	25	77	Malta	S	31	88	Seoul	S	32	90
Algiers	–	–	–	Florence	S	34	93	Manila	–	–	–	Singapore	F	31	88
Amsterdam	F	18	64	Frankfurt	C	22	72	Miami	–	–	–	Stockholm	C	20	68
Athens	S	31	88	Funchal	S	26	79	Milan	S	27	81	Strasbourg	F	25	77
Bahrain	S	36	97	Geneva	S	27	81	Moscow	C	24	75	Sydney	S	15	59
Bangkok	–	–	–	Gibraltar	Fg	23	73	Munich	S	27	81	Taipei	–	–	–
Barcelona	S	27	81	Guernsey	S	17	63	Nairobi	F	24	75	Tangier	S	23	73
Beirut	C	29	84	Helsinki	F	18	66	Naples	S	30	88	Tehran	–	–	–
Belgrade	S	32	90	H. Kong	F	31	88	New Delhi	F	34	95	Tel Aviv	S	30	86
Berlin	F	25	77	Innsbruck	S	27	81	New York	–	–	–	Tenerife	–	–	–
Biarritz	C	21	70	Inverness	C	13	55	Nice	S	26	79	Tokyo	F	30	86
Blackpool	F	16	61	Istanbul	S	27	81	Oporto	F	22	72	Toronto	–	–	–
Bordeaux	C	20	68	Jersey	C	15	59	Oslo	F	18	64	Tunis	S	33	91
Boulogne	S	18	64	Jo'burg	–	–	–	Paris	C	17	63	Valencia	F	29	84
Budapest	F	29	84	Las Palmas	S	25	77	Prague	S	26	79	Venice	S	25	77
B. Aires	–	–	–	Lima	–	–	–	Reykjavik	S	11	52	Vienna	S	28	82
Cairo	S	32	90	Lisbon	S	25	77	Rio de J'o	–	–	–	Warsaw	S	27	81
Cape Town	S	17	63	Locarno	F	25	77	Rome	S	29	84	Zurich	S	26	79
Caracas	–	–	–	London	F	17	63								
Casablanca	C	23	73	Los Angeles	–	–	–								
Copenhagen	S	20	68	Luxembourg	S	13	55								
Corfu	S	34	93	Madrid	S	30	86								
Dublin	S	14	57	Majorca	S	28	84								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Paris warned

Continued from Page 1

for further action, already instigated by the Socialists in some areas, to reduce labour market rigidities.

The OECD welcomes the Government's progress in improving competitiveness of financial markets and gradually freeing prices of industrial products. But it urges more efforts to cut regulation "to improve the efficiency of the productive system," pointing above all to distortions caused by continuing tight controls on the prices of services and on foreign exchange movements.

The secretariat forecasts that real GDP will grow by 1.1 per cent in 1985 and 1.9 per cent next year against 1.6 per cent in 1984. Productive employment will decline by 200,000 people this year, only slightly less than 240,000 last year, with another smaller fall seen in 1986. Unemployment, which is being held down by community work and training schemes, will probably edge up to 11 per cent of the labour force in 1986 from 10.5 per cent in 1985 and 9.7 per cent in 1984.

The trade deficit is seen narrowing to $500m in 1986 from $3.2bn this year and $3.8bn last year, with equilibrium or a small surplus likely to be achieved in the second half next year.

THE LEX COLUMN

Sanko runs out of steam

If Sanko Steamship had been flying anything other than a Japanese flag it would have been laid up months ago.

Three years of mounting losses had extinguished net assets long before yesterday's news that the group was expected to seek the protection of the courts.

Japanese creditors are longer suffering than most and even last week it seemed possible that the company would somehow stagger on.

Three months ago, when Sanko was technically bankrupt, the shares traded at Y120; after yesterday's announcement they were suspended at Y27.

Sanko's aggregate liabilities of Y1,060bn have, it appears, proved too much even for the Japanese banks and trading companies. The damage should be split evenly between them, with the banks writing off a substantial portion of the Y520bn of debt and the trading companies counting their losses on a ship leasing portfolio which totals around Y460bn.

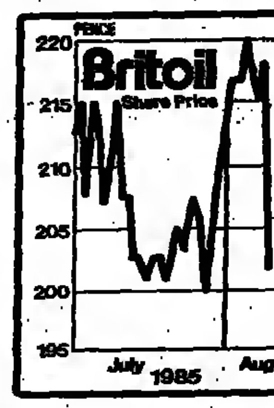
It would be tempting to see the Sanko failure as evidence of a tougher line by the banks, but that would probably be wide of the mark. Sanko has been by any standards an extraordinarily inept company – it misread the tanker market on a grand scale in 1973 and repeated the trick with bulk carriers a decade later. No other Japanese shipping company is in anything like such trouble and the market leaders, Nippon Yusen and Mitsui, are making cheerful profits.

The Tokyo stock market has greeted Sanko's slide into the courts with remarkable equanimity. The disaster may have been foreshadowed and the losses may be spread broadly among Japan's financial institutions, but a failure on this scale is sure to cause the banks and trading companies to reconsider their provisioning policy.

And the place they may look first is their shipping book. Sanko's 125 dry bulk carriers stand to cripple the second-hand market in this sector and further depress charter rates in what is already a miserably depressed business.

Britoil

A glass may be half-full as well as half-empty. Amid all the grumbling, it is worth recording that Britoil's second offer for sale has not been a failure, with the partly-paid shares closing at a 22p premium yesterday.



That looked far from certain six weeks ago and would have seemed a poor joke to the underwriters of the first offer in 1982.

Not that yesterday's aftermarket was healthy in the usual meaning of the word. With the UK institutions all but surfeited with Britoil stock, there were still a few foreign investors to buy a high-quality share on a low-quality yield: there was a satisfying bump in the price of the partly-paid at mid-afternoon. Meanwhile, many new UK investors, furious at being offered only a fifth of the equity, were tempted to cut their exiguous gains and then learned about those funny letters of allotment.

Without doubt, the share-stagging democracy has suffered a reverse – despite the offer of an unrecognisably better business at a handy discount to the original Britoil valuation. It is no comfort to holders of the old shares, but at least yesterday's exercise has laid the ghost of the original failure. And the jobbers made some money on decent spreads.

GrandMet/Pearle

The market had a whole weekend to digest the news that Grand Metropolitan was to spend $380m on buying Pearle Health Services, an American seller of spectacles. By yesterday, it had plumped on a decidedly rose-tinted view of the deal; enough to push GrandMet's shares up 9p to 313p.

Pearle is certainly in a growing market – as the U.S. population ages, so does its sight deteriorate. GrandMet claims that over the last four years, the industry has grown at a compound rate of 22 per cent.

For this Pearle among pearls, GrandMet is paying a multiple of 19 times last year's earnings. Doubtless there is a premium for certainty since GrandMet is guaranteed ownership of 53 per cent of the shares. And there is the added bonus of in-store dental services with which Pearle is experimenting. But investors seemed to take little notice of the fact that Pearle's pre-tax profits grew by just 3.5 per cent in the year to June 1985.

Everyone may need spectacles in the long run, but when spending power is wilting, people seem quite happy either to postpone their visits to the optician or to forswear a pair of different-coloured glasses.

Even if Pearle only makes the same next year as this, its trading profits will match the deal's financing costs, so earnings per share will not be diluted. It is the balance sheet that will take the strain.

All the good GrandMet has done this year of reducing its gearing through disposals, vendor placings and a property revaluation will be wiped out – by the end of the financial year, debt will be back to about 54 per cent of shareholders' funds. But at least it will have a clean conscience – the money it raised from selling its chewing tobacco subsidiary is going towards looking after other people's eyes and mouths.

Funding

Yesterday's new UK tap – £800m of Treasury 9¾ per cent 2002 – was launched into what is already one of the most densely populated areas of the gilt-edged market.

From the Government Broker's vantage point there is every reason to issue stock in that maturity area. It could help to flatten the yield curve, will provide more deliverable stock for the futures market and will find ready enough buyers. But there seems precious little point in creating a new security when so many are already available in the district.

Even before yesterday's tap, there were 14 conventional stocks maturing between 1999 and 2004, many of them trading close to par. It takes no great ingenuity to sell a new stock by tender through the creation of a separate tranche. By adding to an already overburdened stock list, the Government Broker runs the risk of producing precisely what he and the Bank of England most dread: illiquidity in the new-style gilt-edged market. There may be arguments for creating new ultra-long or index-linked stocks, but the turn of the century looks well enough served already.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday August 13 1985

Lower operating result for Asea at midway

BY DAVID BROWN IN STOCKHOLM

ASEA, the Swedish electrical engineering and electronics group, reports a slight decline in operating profits after depreciation for the first six months and has been forced to lower its earnings estimate for the whole of 1985.

Operating results fell from SKr 920m ($109.8m) to SKr 918m on 9 per cent higher sales of SKr 17.17bn. However, a net improvement in financial costs of SKr 52m and a further SKr 68m decline in extraordinary costs yielded a pretax profit of SKr 1.09bn.

Exchange-rate losses, which where SKr 150m in 1984, have not been charged against earnings at the half-year.

Asea said weakening worldwide markets and growing price competition had put pressure on margins. As a result profits for the year are expected to be maintained st the SKr 2.43bn achieved in 1984. Earlier Asea forecast a continued improvement in 1985.

Order bookings rose by 21 per cent to SKr 19.26bn – particularly in the power transmission, distribution and industrial equipment sectors – but margins on those contracts had weakened, the company said.

The immediate cause of the six-month deterioration was an SKr 100m earning drop in Asea's hydropower operations caused by severe winter weather.

Return on capital employed for the group was 22 per cent on a rolling 12-month basis.

Liquid assets rose slightly to SKr 6.93bn.

● Fermenta, the Swedish antibiotics and biotechnology group, has bought a 10 per cent stake in Kabigen, the gene-technology company, from KemaNobel (Sweden's leading chemicals group) for an unspecified sum.

The group's finance director said the move "will combine Kabigen's competence in gene-technology research and development with Fermenta's knowhow and biotechnology production facilities. This implies a significant strengthening of both companies' competitive power in the biotechnology field."

EUROBONDS

Campbell Soup taps market

BY MAGGIE URRY IN LONDON

WHILE the Euroyen bond market is still preoccupied with newfangled dual-currency deals, the Eurodollar bood market yesterday got back to the good old days with an issue from Campbell Soup.

The $100m deal was not attached to a swap and was a classic Eurobond offering, likely to find good interest from retail investors. It was led by Credit Suisse First Boston with Morgan Guaranty as co-lead and a small group of nine comanagers.

The terms were set at a 10-year life with a 10½ per cent coupon and par issue price. Fees total 2 per cent, but the bonds were quoted well inside thet spread at around a ¾ point discount to the issue price.

Another $45m issue was launched for Chujitsuya guaranteed by Fuji Bank. This is expected to be sold mainly to Japanese investors. The seven-year bonds pay a 10¼ per cent coupon, and issue price is 100¼. Nomura International led the deal.

After a firmer opening the Eurodollar bond market met some profit-taking yesterday. Little retail interest has been seen, and trading is thin. However, there is more optimism among syndicate managers, and more new issues are likely.

A total of Y90bn of dual-currency issues appeared yesterday with further deals expected today. In addition one Y20bn deal for Eksportfinans, the Norwegian export credit group, was linked to a Y20bn zero-coupon issue.

The two were led by Nomura and Yamaichi International respectively with each acting as co-lead, alongside Morgan Guaranty, on the other's deal.

The dual-currency issue has a 10-year life and pays an 8 per cent coupon with a 101⅛ issue price. It will be redeemed in U.S. dollars at an exchange rate of Y208 to the dollar – the rate chosen for all yesterday's issues.

The zero-coupon portion matures on the same day as the dual-currency issue and is priced at 54.5726 to give a yield to maturity of 6.24 per cent. Fees on this issue are 1¼ per cent. Between the two deals and Morgan Guaranty's swap Eksportfinans should end up with cheap funding.

Earlier Daiwa Europe had been first in the rush with a Y25bn issue for Honeywell, the U.S. computer group. This also has a 10-year life and 8 per cent coupon with a 101 issue price. This is thought to be a swap into floating-rate dollars.

Nomura, whose syndicate department was hyper-active yesterday, also launched deals for British Petroleum and Phibro-Salomon. Both have 10-year maturities and 8 per cent coupons. BP's is for Y25bn and is issued at 101¼ while Phibro-Salomon's is for Y20bn with the issue price at 100$^{11}/_{16}$.

In the D-Mark Eurobond market Dresdner Bank launched a DM 150m deal for Österreichische Kontrollbank, which is guaranteed by Austria. This matures after 12 years, with call options after five years. The coupon was set at 6¼ per cent with the issue price at 100¼, finer terms than the EIB's recent deal which had the same coupon and maturity but a 99 issue price. OKB's deal was trading late yesterday within its 1½ per cent selling concession.

The secondary market was quiet with prices mixed as dealers waited for the Bundesbank's decision on interest rates on Thursday.

In the Swiss franc foreign bond market Soditic announced the early redemption of Pan-Am's SwFr 100m convertible issue launched less than a year ago. The steep ascent of the shares since take-off has already encouraged around one third of holders to convert, while the rest are now expected to do so before the call takes effect. The bonds, which paid a 6½ per cent coupon, had been trading at 130½ before the announcement and slipped to 128 yesterday.

The secondary market remains quiet, with prices slightly firmer. The recent two-tranche issue from the World Bank started trading for the first time yesterday. The SwFr 100m 10-year part, with a 5¾ per cent coupon, closed at 99¼, while the SwFr 200m 20-year tranche with a 6 per cent coupon closed at 99¾. Both were issued at par.

International bond service
Page 15

Hadco pays $2m for stake in Matra unit

By David Marsh in Paris

MATRA, the French state-controlled defence and electronics group, has agreed to sell a 49 per cent stake in its Comelim printed-circuits subsidiary to Hadco of the U.S.

The sale, for $2m, will leave Matra with 51 per cent of the company, but Hadco – the world's leading manufacturer of multi-layered printed circuits – will have an option to buy a further 11 per cent of Comelim later.

The deal is seen by Matra as paving the way for technological collaboration with the U.S. company similar to its co-operation with the Harris electronics concern, with which it jointly owns a Nantes-based semiconductor venture.

The sale is the latest in a series of efforts by state-controlled French companies to slim their participations in subsidiaries. M Jean-Luc Lagardère, the Matra chairman, has been following a policy of cutting back diversification in order to concentrate on the group's main defence and professional electronics interests.

Schering lifts sales by 12% in first half

By Our Financial Staff

SCHERING, the West German chemicals and pharmaceuticals group, expects higher profits for 1985 after a sales gain of 12 per cent for the first six months of the year.

Turnover rose to DM 2.78bn ($985m) for the half year, against DM 2.48bn in the comparable six months, with good growth in pharmaceuticals offsetting weaker sales in the pesticide division.

Despite lower earnings from the U.S., profits for the half year improved, Schering said yesterday. For 1984 the group turned in net profits of DM 138m and increased the dividend by three percentage points to 24 per cent.

Foreign sales for the half year rose 13 per cent to DM 2.28bn from DM 2.04bn, while domestic sales gained 6.8 per cent to DM 497m. Parent company's sales rose 11 per cent to DM 1.23bn.

Ian Rodger looks at the merger problems of a U.S. farm equipment group

Case hits hard ground in Europe

EUROPE has turned out to be the major challenge for J. I. Case, the U. S. farm-equipment group, in the wake of its daring $430m takeover of the worldwide farm equipment operations of International Harvester late last year.

When the acquisition was announced in December, it looked as if Case, a subsidiary of the Tenneco energy and manufacturing conglomerate, was interested mainly in sorting out the saturated U.S. farm-equipment industry. Case and Harvester were suffering huge losses, with no prospect of an early return to profitability.

But the turnround in the U.S. was achieved rapidly when Case closed down Harvester's large tractor plant in Davenport, Iowa, removing about a third of U.S. capacity at a stroke. Case also consolidated the product lines and the North American dealer networks of the two so quickly that it has been able to improve slightly on the combined market share of the two. They previously shared second place far behind Deere; the new Case International, as it is called, has a 30 per cent share, only about 10 percentage points behind Deere.

In Europe, things have not gone so smoothly. "We have made a start, but we still have a long way to go," says Mr John Gleason, Case's senior vice-president in Europe.

At the outset, Tenneco bought only the British assets of Harvester, leaving the large but bankrupt French operations in s state of uncertainty until rationalisation plans could be agreed with the French Government. The group also delayed buying Harvester's West German engine and tractor assembly plant.

Negotiations with the French were not completed until late May, and, in the meantime, competitors were picking away at the Case and Harvester market shares. That has been an uneven process because, while both are significant suppliers in the UK market, only Harvester has a strong presence elsewhere in Europe.

In the UK, their combined share is down from 22 per cent last year to 18.5 per cent. The erosion might have been worse if Case, which used to be known as David Brown in Britain, had not offered generous discounts on tractors in the old Case and Harvester liveries.

Mr Gleason also attributes the fall to a certain amount of overlap in the market strengths of the two and the disruption caused by the rationalisation of the dealer networks. Case International now has 215 outlets in the UK compared with a combined total of 320 last year.

In France, by contrast, market share has gone up slightly. Previously Harvester, second only to Renault in France, was suffering because of fears thet it would go out of business. With the Case rescue, its share has begun to recover. In West Germany, where Harvester was third after Deutz and Fendt, it has lost only one point of share.

Mr Gleason thinks things are stabilised now, at least in terms of products and marketing. On the manufacturing front, the group's agreement with the French Government includes the closure of one of three plants in that country and the contraction of another, bringing about a reduction of 700 in the total workforce of 3,100.

There is still s question mark in Britain where Case and Harvester had large tractor factories at Huddersfield and Doncaster respectively. Case International is unlikely to need both. The group will soon introduce engines made by a joint venture between Case and Cummins Engine of the U.S. in all its tractors and has yet to decide where in Europe to make them.

Mr Gleason acknowledges the problems and the difficulties of making the merger work.

A year ago, Case in Europe was a business with $380m in turnover, two thirds of which came from construction equipment. The group is the world leader in backhoe loaders and makes wheeled loaders, crawler tractors and, through its Poclain associate in France, hydraulic excavators. In terms of combined unit sales of these four product lines, Case claims a 12 per cent market share in Europe, second only to Caterpillar Tractor and slightly ahead of J.C. Bamford Excavators of Britain.

With the Harvester takeover, the group's turnover in Europe has more than doubled to about $800m, and farm equipment now accounts for two thirds of the total. Previously, Harvester was the third largest supplier of tractors in Europe with an 11 per cent share, and Case was among the 3 per cent minnows. Together, they are neck and neck with Massey-Ferguson for the number-two spot behind Fiat of Italy.

"We feel there is no fundamental flaw in our position in Europe," Mr Gleason says. "We are the number two in each of our businesses, and we have extremely good distribution networks."

These attributes should indeed help Case in the next few years. The farm and construction equipment sectors are much more fragmented in Europe than in North America. In North America, the top three tractor suppliers make more than three quarters of all sales. The top three in Europe make less than half. If the current fiercely competitive conditions persist, many weaker companies could fall by the wayside, to the advantage of the stronger ones.

"We think the potential is there," Mr Gleason says. "We are trying to look at our position in Europe over the long term. It is going to take a long time, but we will make our way inch by inch."

Profits outlook bolsters Castlemaine defences

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DIRECTORS of Castlemaine Tooheys, Australia's second biggest brewer, yesterday predicted significant profit increases during the next three years, as part of its defence against Mr Alan Bond's A$1.1bn (U.S.$780m) takeover offer.

Bond Corporation, of Perth, already controls 19.9 per cent of Castlemaine, in which Britain's Allied Lyons is a key (25 per cent) shareholder.

Castlemaine said yesterday expected net profit for its latest year, to July 31, would show a 17.7 per cent gain to A$73m.

Castlemaine has slightly more than 30 per cent of the Australian beer market. It expects sales to grow to A$1.22bn next year, rising to almost A$1.5bn by 1988. Bond Corporation's Perth-based Swan Brewery has an estimated 10 per cent of national beer sales.

Although Bond is bidding A$7.50 a share for all of Castlemaine, a revised offer of A$7.75 to A$8 – thought to be the maximum – would not be unexpected.

Castlemaine said yesterday it was "actively examining s number of potential acquisitions" of its own.

● Rothmans Holdings of Australia, the cigarette-maker and distributor, scored an 11.5 per cent increase in net profit for the year to June 30, to A$42.9m (U.S.$30.5m) on turnover of A$758m.

It is paying a final dividend of 12.5 cents a share, against 10 cents last year, for a total dividend of 23.5 cents a share, against an adjusted 20 cents previously.

Directors cited improved margins and greater efficiency as contributing to the higher profit and said the company's market share had shown some second-half improvement.

Earnings rise 10% at Arab Banking

BY OUR FINANCIAL STAFF

ARAB BANKING Corporation, the Bahrain-based institution owned by the governments of Abu Dhabi, Kuwait and Libya, has reported a 10 per cent increase in group pre-tax profits to $76m from $69m for the six months ended June 30. Full-year profits for 1984 were $110m.

The bank, Bahrain's largest, struck its pre-tax interim profit after provisions of $13.7m, up 11 per cent from the previous period's $12.3m. Group assets during the first six months of this year rose 19 per cent to $11.8bn, while the loan portfolio of $5bn was up by a quarter from the previous year's $4bn.

● The Saudi Arabian basic industries corporation (Sabic) announced that it planned to spend $4.13bn during the 1985–1990 development plan to further develop petrochemical capability, writes Finn Barre in Riyadh.

The Sabic 1984 annual report states that the huge state corporation intends to spend $2.3bn on petrochemicals, $830m on minerals, over $900m on plastics and synthetic rubber, $278m on fertilisers, and $190m on other products. It also intends to spend over $120m on research and development and $55.5m on administrative buildings.

Investments on Sabic's first generation plants amounted to over $10bn. By the end of 1990, that figure will rise to $15bn.

Sabic's marketing subsidiaries, Sabic Marketing and Sabic Marketing Services, have been gearing up for the big export push and have sold 949,518 tons of methanol on world markets.

Land deal for Malaysian group

BY WONG SULONG IN KUALA LUMPUR

UNITED Plantations, a major Malaysian oil palm group, is to buy 10,000 hectares of jungle land from the Perak state government for 25m ringgit ($10.2m).

The land, adjacent to the company's plantations in Lower Perak, is expected to be fully developed by about 1990 and will increase UP's planted area to more than 27,000 hectares, making it the largest contiguous plantation acreage anywhere in Malaysia.

Meanwhile, UP has reported a 15 per cent fell in pre-tax profit to 18.6m ringgit for first-half to June on a turnover down 24 per cent to 43m ringgit.

South African steel group ahead 33%

BY JIM JONES IN JOHANNESBURG

HIGHVELD STEEL and Vanadium (Hiveld), the South African ferro-alloys and steel manufacturer, increased its first-half turnover by almost half and its pre-tax profit by one third in the six months to June 30. This was due to higher alloy sales and improved rand-denominated export prices.

The first half's turnover increased to R304.4m ($140.9m) from R206.2m in the corresponding period of 1984. Pre-tax profit rose to R18.96m from R14.17m. In 1984 turnover totalled R450.2, and pre-tax profit was R28.6m.

Mr Les Boyd, chairman, says production of vanadium pentoxide continues to be regulated to balance the world supply demand situation. Nevertheless, output increased slightly to 75.304 tons in the first half from a corresponding 1984 figure of 71,345 tons and against 148,081 tons in 1984 as a whole. Hiveld's vanadium operations have benefited from closure of uneconomic production facilities.

The first half's production of ferro-alloys (ferro-manganese, ferro-silicon and ferro-vanadium) was increased to 89,807 tons from 69,128 tons even though export prices of ferro-silicon and ferro-manganese have weakened. In 1984 as a whole, 153,463 tons of ferro-alloys were produced.

Output of the steel rolling mills was reduced in response to a sluggish domestic market, and 279,452 tons of mill products were produced against 317,714 tons in the first half of last year and 594,939 tons during last year as a whole.

First-half earnings rose to 27.0 cents a share from 19.2 cents, and the interim dividend has been raised to 8 cents from 6 cents. In 1984 earnings totalled 38.9 cents a share, and a total dividend of 17 cents was declared.

Mr Boyd believes this year's second-half earnings will be modestly better than those of the first half as domestic steel sales are unlikely to deteriorate and tonnages of export products are likely to be maintained even though dollar export prices are under pressure.

● Labour unrest and depressed trading conditions combined sharply to reduce turnover and profit at BTR South Africa, the rubber products manufacturer.

First-half turnover fell to R45.8m ($21.1m) from R61.9m in the corresponding period of 1984. Operating income before interest and tax was halved to R4.50m from R8.95m. Pre-tax profit was R3.40m against R6.61m.

For 1984 as a whole, turnover was R120.6m, operating profit R17.04m and pre-tax profit R12.74m.

Mr Peter Fatharly, managing director, says order books showed good levels of demand at the end of June despite the labour unrest

Northgate in the red

BY KENNETH MARSTON, MINING EDITOR

NORTHGATE EXPLORATION, the Canadian gold and copper producer, lost a further C$795,000 (U.S.$585,000), or 7 cents a share, in the second quarter of this year.

The loss for the first six months of 1985 is thus brought to C$2.02m compared with a profit of C$9.35m in the first half of last year when there was a non-recurring gain of C$10.69m from investments, notably the sale of part of the holding in Whim Creek Consolidated.

Reduced metal production and a lower gold price resulted in metal revenue falling to C$27.88m in the first half of this year

The mine operating profit showed a 23 per cent rise to C$6.2m this year after improved efficiencies and a 15 per cent fall in costs.

Northgate's Chibougamau mines remain in good shape, but the company is burdened by a heavy U.S. debt. The hope is that any further weakening of the dollar will help service this debt and provide better metal prices.

INTL. COMPANIES & FINANCE

Chris Sherwell on financing pressures within the island state

Singapore savings fund under fire

FEW QUESTIONS have exercised Singaporeans more in the past few months than "The CPF," or Central Provident Fund. This unique, obligatory savings scheme cuts heavily into their monthly incomes, imposes a payroll-type tax on their employers and, in the past year, has become a sensitive political issue. Some even feel it is a potential economic liability.

The government is quietly reviewing the way the Fund works and examining possible changes. This review, together with other fundamental economic changes under discussion, suggests that an important turning point is being reached in the way the Singapore government manages its finances, with implications for foreign investors as well as Singaporeans.

In recent weeks, for example, it has emerged that the government is considering developing a wider domestic bond market. As the CPF's vast funds are invested mostly in government bonds, its role can be expected to change. This has coincided with official talks of greater flexibility in the way the funds will be managed. The CPF, it seems, may be "privatised."

These ideas represent a significant departure for a scheme which, in its conception, is ingenious. Each month 25 per cent of every Singaporean employee's wage or salary is paid into the fund, while the employer must contribute a sum equal to 25 per cent of the salary, on top of what he pays the employee. The government conveniently secures a cheap source of finance, while the Fund can guarantee a reasonable 6½ per cent tax-free return on its members' holdings by investing in government bonds.

In the process Singapore has funded its infrastructural development and — the original aim—has established a massive pool to provide financial security for wage and salary earners when they grow old or become disabled. Clever adaptations of the scheme since its colonial beginnings 30 years ago have allowed the savings to be used to buy flats and houses, to provide for hospital care and even to buy shares in Singapore Bus Service, a publicly-quoted company.

The figures are staggering. The number of members has increased 10-fold since 1955, to 1.85m. But in the same period, as the economy has expanded and contributions have been forcibly increased from the original 10 per cent level to the present 50 per cent, the size of the Fund has multiplied no less than 2,700 times, to S$24.5bn (U.S.$8.2bn).

The government's own "high wage policy" of the past five years has had an especially marked effect. In 1980, the size of the Fund was actually less than S$10bn. At that time the proportion of wages handed over to the CPF was just 37 per cent.

SINGAPORE CPF

	Members (m)	Contributions (S$m)	Total balances (S$m)
1975	1.10	0.89	3.24
1976	1.18	1.01	4.07
1977	1.25	1.12	4.95
1978	1.34	1.35	6.00
1979	1.44	1.75	7.58
1980	1.52	2.30	9.55
1981	1.65	3.01	12.15
1982	1.73	3.90	12.66
1983	1.78	4.49	19.50
1984	1.85	5.39	22.67
1985	—	—	†24.45

† May 1985

By tha same token, nlder workers who are close to retirement could still be a potential welfare problem. They started contributing when their incomes were low and contributions were low, so that the sums they are entitled to withdraw will be relatively small. They are plainly in a less fortunate position than a young worker just starting out, the government appears to be counting on the Asian traditional sense of family obligation to bridge the gap.

According to tha government's projections, a young man of 22 who started work in 1984 at an average wage of S$600 a month can now expect a balance with the CPF of S$110,000 in 1984 dollars when he retires at 55, or S$350,000 in nominal terms allowing for an inflation rate—high by Singapore standards—of 5 per cent a year.

The projection assumes the man's real wages grow at 2 to 4 per cent a year over tha period, and that he does not fall seriously ill. It also assumes more pessimistically, that he suffers three years of unemployment because of a world depression. On top of this, ths man is able to buy a S$50,000 flat at age 27-28 which, at 55, will have a valne greater than his CPF balance.

The precise effect of this remarkable scheme is difficult to gauge. Singaporeans squirrel away voluntary savings even on top of their CPF contributions; the country's savings ratio nf more than 40 per cent is nne of the highest in the world. On the other hand, there is also a tendency to "spend now" because the CPF will pay ont later.

In the best of times such a powerful forced savings scheme is likely to be controversial, but with Singapore currently facing its worst economic downturn in more than a decade, the complaints have grown louder, both from employees and employers, as contributions have soared. Increasing numbers of employers are actually defaulting on their payments.

The Government refuses to lower the rate from the psychologically important 50 per cent mark, saying only that it need not be increased further. It has even proceeded this summer with plans to raise the ceiling on contribntions of S$2,500 a month, set 12 months ago. This limit is now S$3,000, and it will rise further to S$3,500 in a year'a time.

Small wonder, then, with a 2½m population being hit in its pocket, that uproar should have ensued last year when a parliamentary committee nn the Problems of the Aged recommended — among many other proposals—a rise from 55 to 60, and later 65, in the age at which members could withdraw their long-awaited and substantial sums.

Tan Chok Kian, chairman of the CPF Board, points ont ruefully in the board's latest annual report that the recommendation was supposed to complement another committee proposal to raise the retirement age (currently 55) in the context of longer life expectancy.

That idea simply got lost: the extra five-year delay overshadowed everything else, and in the face of pressure from its own MPs—and with an election due later in the year — the government postponed a decision on the matter for two years. Since then at least one prominent government MP has said the idea should be dropped altogether.

The government's move did not prevent the issue surfacing prominently in last December's election campaign. Opposition candidates called the proposal to increase the age limit a "breach of trust" and, just as significant, began voicing doubts over the ability of the CPF to repay its members in the future.

Their argument was that, as Singapore's youthful population aged, CPF withdrawals would increase and, by the 1990s, would exceed contributions.

Tha government's own calculations, however, suggest that withdrawals will not exceed contrihutions before the year 2012, by which time it seems likely that further adjustments will have been made—for example, encouraging members to withdraw funds nver a period rather than all at once.

With increasing numbers of people unhappy about the CPF's take, however, changes are inevitable. An announcement earlier this month, for example, allows Singaporeans to use the funds to buy more than one residential property—a decision aimed equally at boosting a slack real estate market.

The move to widen Singapore's tiny bond market is potentially more significant. Bankers have argued that, with the country's infrastructure developed, the case is growing stronger for a redirection of savings, and for the government to start paying something closer to market rates of interest for its funds.

Moreover, if the country is to progress from an offshore banking hub into a true international financial centre, it must develop its fund management capabilities. Among nther things, that means loosening up the CPF scheme by allowing portions of the funds to be managed by others.

the implications of such ideas are enromnus, and it is a measures nf the new flexibility in the Singapore government's thinking that they are circulating. This fits in with the wider discussion now taking place as the government'a specially appointed "Economic Committee" hears recommendations from all quarters for sustaining the island state's growth.

INT. CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 12.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅛	101⅝	+0¼	+0½	10.47
Amex Credit 12⅜ 86	150	105½	106	0	+0½	10.37
Atlant Richfld 10¼ 00	250	93¼	93¾	+0⅜	+1⅜	11.16
BP Capital 11⅛ 92	150	101⅜	101⅞	+0⅛	+0¾	10.73
Canada 11½ 90	500	104½	105	+0⅜	+1⅛	10.12
Canadian Pac 10¾ 93	100	99⅞	100⅜	0	+0¾	10.71
Canadian Pac 12½ 99	75	106½	107	+0⅛	+0⅜	11.50
CBS Inc 11⅜ 92	100	101⅛	101⅝	+0⅛	+0½	11.06
Chevron U.S.A. 12¼ 89	600	104⅛	104⅝	−0⅛	+0¼	10.66
Citicorp 11½ 95	150	100⅞	101⅜	+0⅛	+0¾	11.29
Coca Cola 11¾ 91	100	107⅛	107⅝	+1⅛	+0¾	10.07
Denmark Kingdom 11¼ 89	100	102	102½	+0½	+0¾	10.42
Denmark Kingdom 11½ 90	100	102⅞	103⅜	+0⅛	+0⅛	10.60
Denmark Kingdom 11½ 92	100	101½	102	−0⅛	−0½	11.08
Denmark Kingdom 13¼ 91	100	109½	110	+0¼	+1⅛	10.86
E.D.F. 10 95	225	94½	95	+0¼	+0⅞	10.88
E.E.C. 11⅛ 90	100	102⅜	102⅞	+0⅛	+0½	10.32
E.I.B. 12 95	200	105¾	106¼	+0⅜	+1⅛	10.94
E.I.B. 13 96	200	109⅝	110⅛	−0¼	+0¼	11.38
Export Dev Corp 10 00	100	98⅞	99⅜	+0⅜	+0½	10.22
Export Dev Corp 12 89	100	105¼	105¾	+0⅛	+0⅛	10.30
Fed Dep Stores 10⅛ 95	100	95⅛	95⅝	+0¼	−0⅛	10.90
Ford Motor Cred 11⅛ 90	100	101¾	102¼	+0⅛	+0¾	10.75
Ford Motor Cred 11⅝ 95	100	†101	101½	+0½	+0¾	11.38
Ford Motor Cred 11¾ 92	100	101⅝	102⅛	+0¼	+1⅛	11.31
Ford Motor Cred 12 95	100	103¼	103¾	+0⅛	+0⅜	11.35
Gen Elec Credit 10¼ 00	200	100	100½	0	+0⅜	10.28
GMAC 10¾ 95	200	100	100½	+0⅛	0	10.74
IBM Credit 10⅜ 2000	300	101½	101⅝	+0⅛	0	10.17
Japan Air Lines 13⅜ 94	180	116	117¼	+0½	+1	10.49
Kellogg Company 10⅜ 90	100	101½	102	+0¼	+1	10.32
Kellogg Company 11¼ 92	100	102½	103	+0⅜	+1⅛	10.61
L.T.C.B. 12⅞ 91	100	108⅝	109½	+0⅜	+1⅛	10.82
Macy Cred Corp 11¾ 95	100	103	103⅛	+0¼	−0⅜	11.15
Mellon Bank 13 87	100	105¼	105¾	0	+0⅜	9.89
Merrill Lynch 12¾ 89	100	105¼	105¾	+0¼	+0⅞	11.08
Minnesota 11½ 87	100	102⅞	103⅜	−0⅛	+0⅜	9.73
Mitsui Trust 11⅜ 90	100	†102	102⅛	0	+1	10.89
Morgan Guaranty 12⅜ 95	150	105⅛	106	+0⅛	+0⅝	10.57
Penney J.C. 12¾ 91	100	100⅛	100	−0⅜	−0⅛	11.38
Pru Realty secs 12⅛ 95	548	105	105½	+0⅛	+0⅝	11.17
Qantas Airways 10⅜ 95	140	97⅜	97⅞	+0¼	+0⅞	10.77
Quebec Hydro 11½ 92	100	102⅛	103	−0¼	+0⅛	10.91
Queensland Govt 10¾ 95	100	96⅛	96⅝	+0¼	+1⅛	10.86
Ralston Purina 11¾ 95	150	102⅞	103⅜	+0¼	+1	11.18
Ralston Purina 12¾ 89	100	106¼	106¾	−0⅛	+1	10.71
Saskatchewan 10¾ 92	100	100⅛	100⅝	+0¼	+0⅞	10.64
Saskatchewan 11⅞ 89	100	104⅝	105⅛	0	+1	10.37
S Wales Tray 11¾ 90	150	104⅜	104⅞	+0¼	+1	10.43
Swed Exp Cred 10 92	100	97	97½	+0⅞	+1¼	10.57
Swed Exp Cred 12¾ 89XW	100	106¾	107¼	+0¼	+1⅛	10.54
Sweden Kingdom 10⅞ 90	200	101¼	101¾	+0¼	+1	10.43
Sweden Kingdom 11½ 89	200	102¼	102¾	+0⅛	+0¾	10.42
Sweden Kingdom 11⅜ 94	100	103⅞	104⅜	+0⅜	+0¾	11.08
Tenneco Corp 10¾ 95	150	99⅛	99⅝	+0¼	+0¾	10.84
Texaco Capital 11⅛ 95	250	99¾	100¼	+0⅛	+0¾	11.11
Texaco Capital 12⅞ 87	300	105⅛	105⅝	+0⅛	+0⅜	9.84
Tokai Asia 11½ 95	100	101⅝	102⅛	−0½	+0¾	11.16
Victorian Rep 11⅜ 92	150	103¼	103¾	+0⅜	+1⅛	10.84
World Bank 12¼ 94	150	107	107½	+0¼	+1	10.94
World Bank 12⅞ 94	200	110⅛	111	+0⅜	+0⅞	10.94

Average price change On day +0⅛ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 0 94	200	105⅛	105⅞	0	+0½	7.01
Austria Republic 7⅝ 94	200	104⅝	105⅜	0	+0⅝	6.83
Baxter Travenol 7¼ 94	200	102⅝	103⅜	−0¼	−0⅜	6.77
Copenhagen 7⅝ 95	150	101⅜	102⅛	0	+0⅜	7.11
Credit National 8⅛ 94	200	106⅜	107⅛	0	+0⅝	7.03
E.I.B. 7¼ 94	300	102⅛	102⅞	+0½	+0⅝	6.87
Escom 0 92	150	95½	95⅞	0	+0⅛	8.91
Ex-Im Bk Korea 7⅜ 90	100	98⅜	98⅞	−0⅜	−1½	7.90
Ferrovie Dello Stato 8 91	100	†104½	105½	0	+0⅞	6.90
Finland Republic 7 92	200	†101	102	0	+0⅜	6.69
Gould Int Fin 7⅝ 91	100	†104½	105½	0	+0⅜	6.55
Ireland 8⅛ 92	100	†105	106	0	−0⅜	7.06
Japan Fin Corp 7⅝ 91	100	103⅜	104⅛	−0½	−0½	6.82
Mitsubishi Hvy 3½ 89WW	300	130½	131¼	+0⅜	+0⅛	−4.18
Mitsubishi Hvy 3½ 89XW	300	92¼	93	+0⅛	+1	6.20
Mitsubishi Met 3⅛ 89WW	100	105½	106½	0	+0⅛	1.68
Mitsubishi Met 3⅛ 89XW	100	88⅞	89⅝	+0¼	+0¾	6.00
Quebec Hydro 7⅛ 95	200	101⅞	102⅝	−0⅛	+0⅜	6.88
Ronte 7¾ 95	100	103⅝	104⅜	−0¼	+0⅜	7.18
Renown 3⅛ 90	80	104½	105½	−1½	−4½	2.04
Soc Cent Nucleair 7¼ 95	150	†100¼	101¼	0	+0½	7.14
Societe Cent Nuclear 8 91	100	107¼	108	+0⅛	+0¾	6.40
Sth African Tran 7⅝ 92	100	94⅛	94⅞	0	+0½	8.67
World Bank 7¼ 89	100	103¼	104¼	+0¼	+0⅜	6.50
World Bank 8 94	200	106⅝	107⅜	+0¼	+0½	6.98

Average price change On day 0 on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	101¾	+0¼	−0¼	6.01
Avon Cap Corp 5⅝ 94	130	†99¼	99½	0	+0¼	5.48
Brit land Comp 6½ 99	75	†102½	102¾	−0½	−0¼	6.21
Council of Europe 6 92	120	†102½	102¾	+0½	+1½	5.55
Creditanstalt 5½ 94	190	†99⅛	99¾	+0¼	+0¼	5.69
Deutsche Bk Fin 5⅝ 95	100	†100¾	101	0	−0¼	5.25
E.I.B. 5⅞ 94	120	†101¾	102	+0¼	+0¼	5.58
Export Dev Corp 5⅞ 92	125	†101½	101¾	+0¼	+1	5.60
Gen Occidentale 4½ 94	80	†102¾	103	−0¼	+0¼	4.12
I C Industries 5⅝ 94	125	†99¾	100	−0¼	0	5.64
Ind Fund Fin 5⅝ 94	40	†100½	100¾	0	+0½	5.86
Int-Am Dev Bk 6½ 94	120	†101½	102	+0⅛	−0⅞	5.87
N.Zealand steel 5¾ 96	70	†*99	99¼	0	+0¼	5.85
Oberos Kftwk 5⅝ 95	100	†*98¼	98½	0	0	5.60
Ralston Purina 5⅞ 94	125	†100¾	101	+0¼	+0¼	5.25
Santos Finance Ltd 6 94	130	†99	99¼	0	0	6.12
Tokyo Elec Pwr 5½ 93	120	†*98½	98¾	0	0	5.73
Tokyo Metropolis 5¼ 94	80	†*98⅛	98¾	−0¼	0	5.44
World Bk 5⅝ 94	150	†101	101¼	−0¼	−0½	5.59

Average price change On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 00	15	100⅛	100⅝	−0⅛	+0¼	6.64
Gdyr Tr & Rubber 7⅛ 95	25	98¾	99¼	+0⅛	+0¼	7.26
Mort Bk Denmark 7 92	10	100¼	100¾	+0⅛	+0⅛	6.90
New Brunswick 7⅛ 95	10	101⅜	101⅞	0	+0½	6.89
World Bank 6⅝ 00	25	100⅜	100⅞	0	+0⅛	6.46

Average price change On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12¾ 90SA	125	102⅞	103⅞	+0⅜	+0⅞	11.82
Citicorp Aust 13½ 89SA	40	101⅛	102⅛	+0⅜	+0⅛	12.77
CSR Finance 13¼ 90 SA	40	100	101	+0⅛	−1½	13.08
Nissho Iwai 13¾ 90 SA	30	100	101	+0½	0	13.06
Amex 10¾ 90 C$	50	100¾	101¼	+0¼	+0¾	10.46
Genstar Fin 11¾ 95 C$	75	97⅞	98⅜	+0½	+1⅛	12.07
Hemi-West'n 10¾ 95C$	25	†95⅛	95⅝	0	+0⅜	11.55
Loblaw Cos 11⅜ 92 C$	60	†99⅞	100⅜	+0⅛	+1⅛	11.58
New Brunswick 11⅜ 95C$	75	†100¾	101¼	+0⅛	+1⅜	11.43
Shell Canada 11¼ 92 C$	75	100¼	100¾	+0⅛	+1⅛	11.13
Winnipeg City 10⅞ 90C$	50	98¾	99¼	+0⅛	+1	10.89
BP Capital 16 88 NS	60	98⅝	99⅜	+0⅛	−0½	16.38
Danish Ex Fin 16⅛ 90NS	40	95¼	96¼	−0¼	−0½	17.46
KB Ifinza 16⅜ 90 NS	50	97¾	98¾	+1¼	+1⅛	16.81
C.N.T 9¾ 92 ECU	75	106⅝	107⅛	+0¼	+1	8.33
C.N.T 9⅞ 95 ECU	75	103⅝	104⅛	+0⅛	+0⅛	9.22
Eurofima 9⅝ 93 ECU	60	105	105¾	+0¼	+0⅜	8.38
Eurofima 7½ 92 FL	50	104¼	104¾	0	+0⅜	6.54
Philips Lamps 7½ 00 FL	100	104¼	104¾	+0½	+1⅛	6.95
Rank Xerox 0 90 FL	100	104⅞	105⅜	−0⅜	−0⅛	5.68
Van Lanschot 7½ 90FL	50	102⅞	103¾	0	+0⅜	6.71
World Bank 7½ 90 FL	150	104⅛	104⅝	+0⅜	+1⅛	6.39
IBM France 11⅛ 90 FF	700	99¾	100¼	+0⅛	−0⅛	11.11
Amer Express 11¾ 92 £	30	102⅝	103⅛	−0½	−0½	10.72
Australia Comm 11 92 £	40	99¼	99¾	+0⅛	+0¼	11.08
BP Capital 10¾ 92 £	50	98¾	99¼	+0¼	+0⅛	10.95
E.I.B. 11⅛ 93 £	50	100⅛	100⅝	+0⅛	−0⅛	11.02
GMAC UK Fin 10⅜ 90 £	30	98⅜	98⅞	+0¼	+0½	10.86
Imp Chem Inds 11¼ 95 £	75	100⅛	100⅝	0	+0⅛	11.38
Inco 12¾ 93 £	50	102⅝	103⅛	+0⅛	+0½	12.10
Mcdonalds 10⅞ 90 £	40	99⅛	99⅝	0	+0¾	11.02
Privatbanken 11⅞ 92 £	20	99¾	100¼	+0⅛	+0¼	11.84
Rank Xerox 11 92 £	40	98⅞	99⅜	+0⅛	+0⅛	11.16
Royal Trustco 11⅞ 90 £	30	100	100½	+0⅜	+0⅜	11.25
Star Drug Cap 10⅞ 90 £	30	99⅛	99⅝	+0¼	0	11.02
Tricentrol XW 11 92 £	35	94½	95	+0¼	+0½	12.15
Tsthouse Forte 11⅛ 90£	50	99	99½	+0⅛	+0⅜	11.20
World Bank 11¼ 95 £	100	102⅜	102⅞	0	+0¼	10.78
E.C.S.C. 10⅞ 94LF	100	102⅞	103¼	+0⅛	−0⅜	10.08
Nat Lux Alum 10½ 92 LF	800	[illegible]	105¾	+0⅜	0	9.52

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99⅜	99⅝	24/7	7.56	7.60
BankAmerica O/S 5¼ 90	0⅛	99⅞	100⅜	3/9	8⅛	8.11
Bank of Montreal 5 95	0⅛	100⅝	100⅞	28/7	8¾	8.68
Bankers Trust 5 2000	0	99⅝	99⅞	11/9	7.69	7.71
Bankers Trust 5¼ 95	0⅛	100⅛	100⅜	13/9	8.56	8.54
B.F.C.E. 5¼ 99	0⅛	100¼	100½	13/9	10.20	10.02
B.N.P. 5¼ 90 (July)	0¼	100	100¼	28/7	8⅛	8.11
C.C.F. 5¼ 97	0	99⅞	100⅛	22/9	10⅝	10.62
Chase Man'tn 5 2000	0	99⅛	100	9/8	8⅝	8.65
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅜	6/9	7.81	7.80
Citicorp O/S 5¼ 98 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.86	9.82
Ireland 5¼ 97	0	100⅛	100⅜	26/10	9.69	9.65
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 0 94	0⅛	100	100½	12/11	8⅞	8.85
Lloyds Bank 5¼ Perp	0¼	99⅞	100⅜	9/12	8	7.99
Midland Bank Perp 5	0¼	99⅝	100⅛	19/12	8⅛	8.14
Nat West Perp 5	0⅜	101½	101¾	13/11	9⅛	9.01
Nat West Perp A 5¼ B	0¼	99⅜	99⅝	9/1	8¼	8.29
Nat West Perp S 5¼ S	0¼	99½	99¾	9/8	5¼	5.27
Queensland Coal 5¼ 96	0¼	100⅜	100⅝	12/11	9	8.96
Roy Bk Canada 5 2005	0⅛	99⅝	99⅞	5/8	7⅞	7.90
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	2/8	12.81	12.91
Sweden Perp 5¼	0¼	100	100¼	9/1	8.31	8.30
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	109⅞	110⅞	+0½	8.98
Fanuc 3¾ 98	1/84	7032.3	146⅜	147⅞	+0⅛	30.45
Fujitsu 3 99	5/84	1320.9	80⅛	81⅛	−0¼	22.58
Kumagai Gumi 3½ 2000	3/85	600	142½	143¾	+0⅞	8.24
Marui 3½ 99	7/84	1162	119⅛	120⅛	+3	6.11
Mitsubishi Elec 2⅞ 00	3/85	422	91	92	−0⅛	−8.97
Murata 3½ 99	2/84	2351.2	87½	88⅛	−0¼	29.10
Murata 3½ 2000	7/84	2398	95⅞	96⅞	−0⅛	30.03
Nippon Elec 2¾ 2000	1/85	1295	82¼	83¼	−0⅜	32.83
Nippon Oil Co 3 2000	5/85	923	102⅞	103⅞	−0¾	5.39
Nippon Oil Co 3¼ 99	3/84	1052	†104	100	0	31.90
Oki Elec Ind 3½ 99	10/84	805	86⅛	87⅛	−0⅛	30.58
Orient Leasing 5¼ 98	6/83	2680	†97½	96½	0	0.06
Sekisui House 3 99	8/84	612	129¾	130¾	+0⅜	3.70
Sony Corp 2 2000	5/85	4578	94½	95½	−0⅜	3.77
Sumitomo Corp 2¾ 99	5/84	593	118⅝	119⅝	−1¾	1.78
Taiyo Yuden 3¼ 2000	3/85	1078	†86½	87½	+0¼	−2.35
Takeda Riken 3⅜ 2000	10/84	7063	†*80	81	−0½	31.52
Tokyo Sanyo Elec 3½ 98	12/84	772	87⅛	88⅛	+0⅜	3.96
Toshiba Ceramics 3 2000	4/85	1734.2	84½	85½	−0¾	15.30
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†104½	104¾	−1⅜	24.97
Nippon Shinpan Co 2 92 SF	3/84	801	†98	98½	−2¼	18.05
Asics 5 92 DM	12/83	520	106	107¼	−0¼	27.26
Sun Realty 6¼ 92 DM	2/83	338	275⅛	275⅞	+3½	−0.90

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

TDG ahead £1.2m at six months

DESPITE a rise of £1.05m in interest charges Transport Development Group increased its first half pre-tax profits from a restated £10.04m to £11.23m.

The interim dividend is being raised from 1.6p to 1.7p net.

In the UK the transport and storage companies produced increased profits. Trading started quietly but accelerated in April. May and June.

The haulage results were affected by losses incurred in establishing the overnight express freight business. The directors point out, however, that much progress has been made and that the losses have been substantially reduced.

They add that subject to the trend continuing the business will be in overall profit in 1986.

The cold storage undertakings did well but some of the recent investment in distribution projects only became fully productive by the end of the half year.

In Europe the transport companies largely held their own while in the U.S. and Canada the reinforcemant businesses made a "spectacular" recovery compared with the same period of the previous year. The directors continue to be optimistic about their immediate future.

They say that on the U.S. West Coast there is severe competition among road hauliers and good profits remain hard to earn. The first half results from Australia showed no great improvement but current results are described as "highly encouraging."

Although the genaral outlook in most areas of group activity remains ancouraging the directors draw atteotion to the unpredictable impact of exchange rate movements.

They say if rates ruling at December 31, 1984, had been applied at June 30, pre-tax profits for the first six months of 1985 would have been some £560,000 greater.

Group turnover for the period rose from £205.05m to £229.32m and at the operating level profits pushed ahead from £13.41m to £15.65m before taking into account net interest charges of £4.42m, compared with a previous £3.37m.

A divisional breakdown of UK operating profits shows: road haulage £2.86m (£2.51m), storage £5.63m (£4.61m), plant hire and other transport services £578,000 (£751,000), and reinforcement and exhibitions £761,000 (£718,000).

The same activities overseas showed returns of £3.52m (£4.22m), £1.39m (£1.57m), £26,000 (£11,000), and £881,000 (£979,000 loss).

Geographically, group operating profits broke down as to UK £9.83m (£8.59m), Europa £3.26m (£3.76m), Australia £1.02m (£1.27m) and North America £1.54m (£213,000 loss).

The losses of tha 100 per cent owned express freight business, Independent Express Corporation, amounted to £798,000 for the six months to June 30, 1985, compared with £1.13m for the six months to end-December 1984.

The group's available profits for the half-year emerged at £6.19m (£5.52m) after deducting tax of £4.35m (£3.57m), minorities of £272,000 (£38,000) and extraordinary debits of £413,000 (£904,000). Earnings amounted to 4.58p (4.78p) per share pre-extraordinary items.

● comment

The market's earlier forecasts of £30m pre-tax for Transport Development are now looking hopelessly optimistic. The venture into express freight has coincided with cut-throat competition throughout the industry and it will be 1986 before profits start to flow. That aside the diversified UK operations fared well enough with only the plant hire division showing a setback. Overseas the U.S. reinforcement steel business lived up to best hopes after a disastrous winter in 1983-84 (the interim period for overseas operations covers the six months from October) but Australia and Europe reported lower profits. In local currency terms Australia was 2 per cent lower while France experienced a shortfall compared to the exceptionally buoyant period of 1984. But it has been the strength of sterling since the beginning of the year which has really taken the edge off the overseas contribution and assuming the pound holds around its current level, group profits are unlikely to be much more than £27m. Having run up to an all time high ahead of the figures the 2p fall to 128p yesterday was only to be expected yet the p/e of 11 is not vulnerable while it is backed by a 7 per cent yield.

Waterford at I£6.7m and set for record

THE CRYSTAL and china division of the Waterford Glass Group performed particularly well over the first six months of 1985 with full production in all factories meeting strong demand.

Overall, group pre-tax profits for the half year advanced to I£6.74m (£5.48m), an improvement of 28 per cent over the I£5.27m (£4.28m) returned for the corresponding half of the previous year.

In view of the improved performance and prospects for tha full year, tha directors are lifting the interim dividend from 0.9p to 1p net per 5p share

For the opening six months turnover of this Dublin-based group increased from £111.74m to £124.67m. Pre-tax profits were struck after deducting depreciation of £1.41m (£1.21m) and interest of £2.2m (£2.43m).

The directors say that Aynsley China, based at Stoke-on-Trent, is set for another very successful year, and that the Switzer Group is attracting a greater share of the summer retail trada in Ireland.

They point out that the Smith Group, a Renault distributor in Ireland, is being reorganised, but meanwhile is heading for another loss and further rationalisation costs.

John Hinde is continuing to expand its printing and postcard business, especially in the U.S., and is set to produce strong profits growth for the full year.

At present the directors are anticipating record earnings and a further improvement in balance sheet strength for the full year.

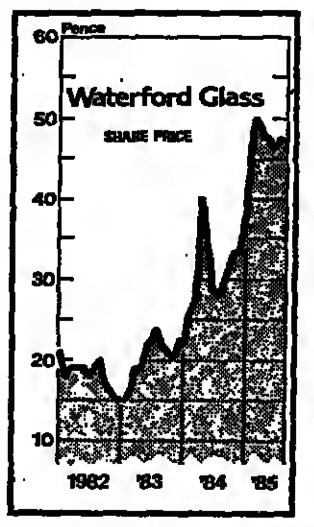
The performance of the U.S. market in the second half wilt largely influance the degree of profits growth.

Available profits for the first half amounted to £6.11m (£4.97m), equal to 2.87p (2.34p) per share

The Globe Investment Trust holds 20 per cent of Waterford's equity.

● comment

Globe Investment Trust must feel well pleased with the 20 per cent stake it took in Waterford Glass last August. Since then it has seen its protege's profits rise by 44 per cant in the year to last December and by e further 28 per cent in this year's first half. The question is how long the surge can continue. Much of Waterford's growth has been on the back of the dollar: if the currency resumes its decline Waterford will be protected against exchange losses through its extensive hedging operations but will nevertheless face a severe downturn in sales to Americans, be they at home or abroad. The state of the U.S. economy is also crucial to U.S. sales. Meanwhile losses at tha Smith Group are set to grow because the costs of rationalisation are falling on a market which shows no signs of an upturn this year or next. These losses will be somewhat mitigated by the upsurge at Switzer Group, benefiting from the exchange-rate prompted tourist boom. Overall, a steady dollar and o slight modulation of the profits growth would produce about I£17m for the year, which with the shares up 1p at 48p produces a prospective p/a ratio of 8 after a 10 per cent tax charge.



Clayform buys 11.6% stake in Owen Owen

By David Goodhart

Clayform Properties, which specialises in the development of shopping malls and high technology factories, yesterday announced the purchase of an 11.6 per cent stake in the Liverpool-based department store chain, Owen Owen, for £3.3m.

Owen Owen's 21 stores have not been peforming strongly in recent years but its share price jumped 110p to 350p last week amid mounting speculation of a bid. It closed last night 10p up on the day at 360p.

Clayform, which was brought to the U.S.M. in April with a market capitalisation of £16.1m, is not expected to make a full bid—at least in the near future—and yesterday announced that "there are a number of areas in which co-operation between Clayform and Owen Owen would be beneficial to both companies."

Mr Michael O'Halloran, a Clayform director, said the details of co-operation would not be released until the boards of the two companies have met, probably before the end of the month—but it is likely to involve Clayform redesigning several Owen Owen stores.

Clayform bought the shares last Tuesday at about £3 each from Morgan Grenfell and a pension fund. The financing of the deal is being overseen by the company's merchant bankers Samuel Montagu — which also arranged Clayform's purchase last year of Schofields, the Leeds-based department store group, for £16.1m. Schofield's main store in Leeds is being redeveloped for £45m to provide 240,000 sq ft of retail space which will be let to leading retailers.

With backing from Samuel Montagu a full bid would be possible, although a 40 per cent stake in the company is held by the Owen Owen and Norman families.

Owen Owen last year made pre-tax profit of £1.8m on a turnover of £89.2m. Its market capitalisation is £34m but its net assets per share are 547p. Clayform last year made a profit of £1m and is forecasting not less than £2.5m this year. Its share price rose 9p yesterday to 167p.

Asprey raises dividend despite taxation burden

HEAVY TAX has almost eroded a 2 per cent gain in pre-tax profits at Asprey & Co, the jewellers, for the year ended March 31, 1985. However, tha dividend is lifted from 17.5p to 20p net, the final being 13p.

The directors propose a two-for-one scrip issue and also plan to put through resolutions to enable the company to purchase up to 5 per cent of its own shares. Including a property valuation of £9m, shareholders attributable assets at March 31 were equal to 572p per share.

From turnover ahead by only 3.38 per cent to £29.2m, the year's profit before tax increased from £6.2m to £7.57m. The influence of a tax-charge—£3.21m (£1.9m)—adversely affected by the abolition of stock relief and an increase in UK-based profits leaves the net balance at £4.37m (£4.3m), or 70.02p (68.9p) per share.

The scrip issue, the directors say, is desirable to reduca the stock market price of the shares and to increase their marketability—the shares gained £1¼ to £11¼ yesterday. Shareholders registered September 12 will qualify.

Explaining tha proposal to purchasa the company'e own shares, the directors say a proportion of the liquid assets are surplus to present and foreseeable requirements and the accumulation of surplus cash may in future constrain the rate of profit growth. They are also conscious of shareholders who may wish to realise their investment but are inhibited by the thin market in the company's shares.

The purchase should enable the remaining shareholders to benefit from an increased participation in future earnings and dividends. The company is seeking authority to buy up to 900,000 shares (after tha scrip) at a minimum price of 25p and a maximum of 500p. Holders of over 75 per cent of tha shares state they have no present intention of offering their shares to the company.

The company has made increased profits and generated positive cash flow in each of the last five years. As a result the balance sheet is extremely strong, with consolidated net tangibla assets attributable to ordinary holders of £34.3m, no borrowings, and cash balances of £17.3m.

The company proposes to streamlina its name to Asprey plc.

● comment

For years the market has watched Asprey's growing pile of cash—£17.3m on the last count against a market capitalisation of £69m—wondering how it would be spent to enhance future growth. Asprey has found the answer—at least for a few of its millions. It will buy up to 5 per cent of its own shares to boost earnings growth having come to the odd sounding conclusion the cash may "constrain the rate of growth of the group's profits." Anyway the company's plans for the future are not quite as lame as they may sound. Asprey will be moving into larger premises in New York this year and other overseas outlets could follow, though presnmably very slowly. A stake has been taken in an art gallery in Cork Street, close to Bond Street, which the retailer says demonstrates its resolve to move into similar activities. By that it presumably means high margin specialist retailing with an exclusive clientel. A sizeable upturn this year is forecast amply supporting the historic p/e of 16.4 after yesterday's 125p rose of £11¼ though nobody could suggest Asprey will be in the forefront of the retailing revolution.

BSG lifts terms for Adams

BY MARTIN DICKSON

BSG International, the motor dealer and accessory manufacturer which last month launched a takeover bid for Adams and Gibbon, the Newcastle-based vehicle distributor, has improved its offer and won tha backing of Adams' board.

BSG is now offering 10 of its own shares and 70p in cash for every Adams share. On the basis of BSG'e closing price last night of 26p, up 1½p on the day, the offer is worth 330p for each Adams share, with the whola company valued at £5.94m. There is a 285p e share underwritten cash alternative.

That compares with Adams' share price of 236p immediately before BSG launched its bid in lote July. BSG's initial offer of nina shares, plus 76½p in cash, for each Adams share was worth 310.5p a share on the basis of last night's closing price.

Shares in Adams ended the day at 300p ex-dividend, up 17p on the day.

BSG has received irrevocable undertakings to accept the new offer from the holders of 36.3 per cant of Adams' shares. These comprise a stake of 11.9 per cent held by Keep Trust, which earlier this year mounted an unsuccessful £4.75m bid for Adams, and shares held by members and allies of the Adams and Gibbon families.

Another major shareholder in the company is the Grovebell Group, which acquired its 14.39 per cent stake in January at around 200p e share.

Mr Tom Cannon, managing director of BSG, said his company had tried to get agreement from the Adams board at a level a little below the figure that they had finally settled on.

One factor in BSG's decision to top up its offer had been the legal and merchant banking fees that would have been involved if the bid had been contested.

Salvesen purchases top £10m

Christian Salvesen, the food distribution, building and industrial services group, yesterday announced the completion of plans in expand its food processing, storage and distribution activities in North America, the UK and the Netherlands.

Earliar this year Christian Salvesen, then Scotland's largest private company, came to the Stock Exchange with a £66m Offer for Sale.

Total cost of new acquistions, completed and agreed since the group's listing in July is soma £10.5m, which will be met from cash resources.

Mr Barry Sealey, group managing director, said: "These developments ara part of our continuing strategy of developing our key operating divisions through both direct investment and acquisition."

In the UK, as anticipated in the offer for sale document, the group's Food Services Europe has completed tha acquisition of Elba Growers (Eyemouth), a vegetabla processing business in Berwickshire.

In Holland, the division has completed tha acquisition of a transport and distribution company which was referred to in its offar document, and has also reached agreement to buy another similar business in tha south of the country. These acquisitions will add four depots and 130 vehicles to the group's existing five cold stores in Holland.

In the U.S. the group's Merchants Division is to buy a cold store in the Los Angeles area which will increase Merchants' capacity by around 10 per cent. Christian Salvesen said the acquisition was an important step step in developing the group's national distribution coverage.

Howard Shuttering hit by property sales slowdown

LARGELY because of the slowing of property sales, the second half at Howard Shuttering (Holdings) saw both turnover and profits decline, and left the group with an overall pre-tax downturn — from £0.99m to £0.75m — for tha year ended April 30 1985.

The result was further depressed on the bottom line by a much higher tax charge, up from £75,100 to £312,170, to push earnings per share down 4.3p to 3.9p. The dividend, however, is being increased from an equivalent 1.17p to 1.4p with a 0.7p final (0.5p).

Tha group's principal activities are property development, plant hire and construction related activities. Turnover for the year slipped from £6.86m to £6.79m, but M J. A. Howard, the chairman, is optimistic for the current outcome—the group has maintained its solid net asset base, and there are good prospects for the plant hire and development companies, he says.

During the year the group acquired a further small development company, Charles J. Fisk (Developments), and increased the number of sites in the main development company, and both factors should be reflected in increased turnover in 1985-86.

The expansion has been financed by longer term borrowing which has maintained the group's working capital "and provides more stabla funding," says the chairman.

The formwork and structures division suffered from adverse winter weather and is still not working satisfactorily, despite the efforts being made to return it to break-even.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Asprey	13	Oct. 1	11.5	20	17.5
Bullers ....Int.	0.5	Sept. 23	nil	—	nil
Exeter Building‡ ...int.	2.65	—	2	—	5.6
Grosvenor Properties ...	3.5†	—	3	5.5	3
Howard Shuttering	0.7	Oct. 16	0.5*	1.4	1.17*
Jamesons Chocolates int.	2	Nov. 22	2	—	5
Merchants Trust......int.	1.75	—	1.3	—	3
Transport Dev. ......Int.	1.7	Nov. 7	1.6	—	5.6
Waterford Glass¶ ...int.	1	Nov. 1	0.9	—	2

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock. ¶ Irish cur rency.

Wolseley-Hughes in £8m deal for Marley outlets

BY CHARLES BATCHELOR

Wolseley-Hughes, the central heating and plumbing supplies merchant, has bought the 39-strong chain of Plum-Center outlets from Marley, the tiles and building materials group for £8m.

This deal takes the Wolseley-Hughes network of outlets in the UK to about 140. The company's existing merchants trade under a variety of names such as OBC, YHS (Yorkshire Heating Supplies), and PDM but lack the clear identity of the Plumb-Center outlets.

Mr Jeremy Lancaster, Wolseley-Hughes' chairman, said: "Plumb-Center is everything we wanted. It is a good name. Wa will use it for some of our outlets and open new ones."

Wolseley-Hughes is paying nearly £879,000 for Plumb-Center's share capital and is taking on £7.12m worth of debt and bank overdrafts in a deal which it is funding from its own cash resources.

Plumb-Center increased pre-tax profits to £1.05m in the 1984 year from £793,000 tho year before, on turnover which rose to £32.9m from £27.3m. It had adjusted net assets of £647,000 at December 31 1984.

Wolseley-Hughes made a pre-tax profit of £15.3m on turnover of £218m from its UK distribution business (most of which relates to its builders merchants outlets), in tha year ended July 31 1984.

For Marley the sale of Plumb-Center ends a potential conflict of interest with its builders' merchanting customers. This deal also takes Wolseley-Hughes closer to the DIY market. It currently concentrates on the building trade.

Wolseley-Hughes' U.S. subsidiary, Ferguson Enterprises, recently agreed to buy two small companies, Plumbers Supply Company of Lexington, Kentucky and Farmers Supply Company of West Palm Beach, Florida.

It paid a combined $3.7m (£3.13m) for the businesses with net assets of about $3.2m. Ferguson, which was acquired three years ago now operates from more than 80 locations.

Revamped Bullers expands

THE RECOVERY continues ot the slimmed down and reorganised Bullers, and the group, a manufacturer of ceramic products based in Stoke-on-Trent, is set for expansion with a bid worth up in £775,000.

It has agreed terms with Crummles, which produces small hand-made enamel boxes and other original designs from its premises in the Bournemouth area, for the fixed assets, goodwill and £250,000 worth of stock. This amounts to a total of £541,000, payable on completion, and the terms provide for further payments, subject to sales related performance, up to the maximum.

Also announced along with the purchase were the group's figures for the first half of 1985, which show a continuation of tha recovery trend of last year. Interim pre-tax profits were up from £98,000 to £204,000, just £50,000 short of the result for the last full period.

As an expression of confidence for the 1985 outcome, the directors are to resume dividend payments on the ordinary shares with an interim 0.5p. The last dividend was in respect of the 1982 year, end as previously announced the company is also to pay the preference arrears.

Turnover for the half year came to £4.26m, against £7.02m. During the period the group disposed of its high tension insulator division for £2.5m to Fairey

Earnings per share came through at 1.56p, compared with 1p.

Plan for USM listing after Sherwood deal

By Lisa Wood

Sherwood Oil, an oil and gas production company, has made a bid for Vintoil SA which is registered in Luxembourg and has interests in oil and gas fields in the U.S. Sherwood already has acceptances for 34 per cent of Vintoil.

Sherwood said yesterday that it has been advised that after its offers become unconditional, dealings in its shares will be permitted on the Stock Exchango under Rule 535 (2). It also intends to apply as soon as practicable for its shares to be dealt on the USM.

Formed in the UK this year as an oil and gas production company, Sherwood has acquired interests in three ail producing fields in the U.S. following a £1.2m private placing of shares and stock. Vintoil has an issued share capital of US$3.8m. Its shares ore held principally by UK. French and other Continental investors.

Sherwood's offer follows earlier unsuccessful approaches to merge with Vintoil which Mr Ronnie Aitken, chairman of Sherwood, claimed has never made any pre-tax profits. He forecasts that the enlarged group "will be making profits within its first year of trading."

The offer is six Sherwood shares for each ordinary share in Vintoil, and ten shares for every three founders' shares.

Guinness waits on clearance for French food chain deal

BY LISA WOOD

Guinness, the brewing and retailing group, is likely to announce shortly that it is to acquire the Hediard chain of speciality food shops in France.

The agreed bid is awaiting clearance from the French government. Hediard, with 14 shops, six in Paris, is an independent company owned by M Phillipe Brunon.

Guinness, which is involved in the UK in a highly contested bid for Arthur Bell & Son, already has some retailing activities overseas. Earlier this year it acquired Richter Bros, an importer into the U.S. of speciality foods.

● M Raymond Miquel, chairman of Bell, has denied that be is actively seeking a "white knight" to mount a rival offer to the unwelcome £360m bid from Guinness.

On Friday the board of Bell said that Guinness' increased offer was not enough and it was seeking an alternative bid.

However, M Miquel has now said that the company's preferred route is to remain indapendent, a view shared by all the board with the exception of Mr Peter Tyrie, director in charge of Bell's Gleneagles division.

Tomkins' £11m GKN deal

F. H. Tomkins, the fast-growing West Midlands engineering group, announced yesterday the completion of its purchase of six subsidiaries from Guest Keen and Nettlefolds for £10.7m.

However it is not going ahead with buying a seventh subsidiary—Firth Cleveland Steel Strip of Tipton in the West Midlands, and its U.S. associate Firth Cleveland—which had been part of the original deal.

Firth products for delivery to the U.S. are now the subject of steel quota restraints agreed last week between the EEC and the U.S. Mr Greg Hutchings, F. H. Tomkins' chief executive, said the deal was not necessarily ruled out but the situation would be watched.

A price of £7m was paid yesterday, another £1.3m is payable later this year and the final £2.4m is payable in August 1987. The six companies showed total trading profits before interest and tax of £2.4m on sales of £21m in 1984. Tomkin

Aberdeen Steak makes strong start

BY RICHARD TOMKINS

Aberdeen Steak Houses made a strong start on the unlisted securities market yesterday in spite of speculation that tha flotation could run into difficulties. The 3m shares placed by Fiske & Co at 67p rose to a peak of 75p before slipping back to close 6p up at 73p.

Mr Ali Salih, the chairman and managing director of Aberdeen Steak Houses, previously owned the London Eating Houses group which went into liquidation in 1975 with debts of £750,000.

At the eod of last month, Aberdeen Steak House's company secretary, Mr Aziz Suleman, resigned following the appointment of a finance director, Mr William Spouse.

Mr Suleman made a number of allegations abont the way the company'e accounts had been put together which have been strongly denied by the auditors, Coopers & Lybrand. Mr Suleman claimed that key information abont legal action over alleged underpayments to staff had been omitted from the prospectus.

Weekend press reports had speculated that the Stock Exchange's quotations panel might hold np the flotation in the light of these allegations, but trading went ahead as planned.

Three-quarters of the shares being placed will raise £1.3m for Aberdeen Steak Houses after expenses. The rest are being sold by Mr Salih, who will own 75 per cent of the company after flotation.

Bid approach to Christie-Tyler

Christie-Tyler, the Welsh upholsterer and cabinet maker, is to make an announcement today concerning an approach by an as yet unnamed bidder.

A brief statement from Christie-Tyler yesterday said: "The board has received an approach which may lead to an offer for the company. Shareholders will be advised as soon as possible of the outcome of these discusions but, in the meantime, are advised to take no action."

The shares raced ahead by 29p to close at 78p.

Mr Peter Whiting, group financial director, confirmed that o board meeting had been held yesterday but said no details of the bidder's identity were being disclosed.

Christie-Tyler is the largest UK furniture manufacturer and supplies one-fifth of the British upholstered furniture market.

COMPANY NEWS IN BRIEF

HARRIS QUEENSWAY, department store chain, has reached agreement with a syndicate of fiva banks for a £25m loan and acceptance credit fecility. The facility, arranged by County Bank, has a seven-year term. Drawings are freely interchangeable between loan and acceptance credits.

SIR LESLIE PORTER, who stepped down last month as chairman of Tesco, has sold 600,000 ordinary shares in the supermarkets group for £1.56m, and £305,000-worth of loan stock for £633,250.

JAMESONS CHOCOLATES trimmed its pre-tax losses by £6,000 to £113,000 in the six months to June 30, 1985. The loss included investment income of £55,000 (£10,000). The interim dividend is unchanged at 2p. There was a tax credit of £47,000 (£83,000). The directors say the order book for the second half is substantial and should result in a profit for the year as a whole.

PRESTWICH HOLDINGS says its rights issue of 2,785,454 shares has been accepted in respect of 2,541,043 (91.23 per cent). The balance has been sold in the market at a premium and net proceeds will be distributed to non-accepting shareholders.

THOMAS ROBINSON and Sons: Virani Group, which in June disclosed an 8.38 per cent interest in Thomas Robinson, disclosed yesterday that it no longer held any declarable interest in the company's ordinary shares.

RENTOKIL GROUP has acquired Antipest Australia Pty, a wholly owned subsidiary of Elders IXL, for $1.95m (obout £1m). Anti-Pest provides a commercial and domestic pest control and fumigation service in Queensland, W. Australia, S. Australia and Victoria; and these operations will be merged with the existing Rentokil Australia operations.

UNITED PARCELS offer for York Trailer had been accepted in respect of 9.66m ordinary shares (87.6 per cent) by August 9. The offer has already been declared unconditional.

UK COMPANY NEWS

Hollis recovery gathers pace with £0.3m rise

FIRST HALF 1985 profit of Hollis, the timber importing and woodworking manufacturing group controlled by Mr Robert Maxwell's Pergamon Press, continued its recovery and showed an upsurge of £302,000 to £806,000 at the pre-tax level.

The directors say that dividend payments will be considered when the full year's results are known—last year pre-tax profit was £863,000. The preference is in arrears from October 1, 1981, and the last distribution on the ordinary was in respect of 1980.

Order levels continue to be satisfactory ecross the whole of trading activities. Benefits accruing from the acquisition policy supplemented by extensive capital investment is progressively helping profitability.

The recent acquisition of Solicitors' Law Stationery Society should bring considerable benefit in the second half, the directors forecast.

Sales for the six months rose from £14.78m to £18.84m. Earnings came out to 1.4p after tax of £100,000, compared with 2p last time which were distorted by e tax credit of £750,000.

Over the weekend it was announced that Mr Maxwall had called off his £12m rescue bid for Sinclair Research, the tronbled boma computer group. The proposals were that Hollis would be used as a vehicle in the rescue, and would own at least 75 per cent of Sinclair.

● comment

Small shareholders in Hollis may well feel relieved that they have been spared the seemingly horrendous problms of the personal computer market. But as bizzare as the on/off deal with Sinclair may have seemed to those who purchased shares in a timber company, the aborted purchase is confirmation of a route established with the purchase of Solicitors' Law in May for £4m. Mr Robert Maxwell is using Hollis to develop e diversified group via opportunistic bids where ha perceivea a quick return. Mnch of the spadework towards returning Solicitors' Law to a decent profit had been accomplished before tha takeover. While Sinclair has fallen through othar acqnisitions will certainly follow though it is impossihle tn guess which way the grouo will jump next. Yet if small shareholders feel themselves to be rushing headlong forward with their eyes sbut there is comfort from tha fact that the business has performed well since Pergamon Pres came to the rescue in 1982. At 72p the £50m market capitalisation has litte to do with fundamental analysis and everything to do with a vie wof Mr Maxwell.

Manchester Ship loses £1.89m at midway

SHARES IN Manchester Ship Canal fell 18p to 315p yesterday on the announcement of a slump into losses at the interim stage and directors' forecast that there will be no recovery in port profitability in the second half.

The result for tha first half of 1985 was a lnss of £1.89m, compared to a profit of £1.04m. Oil traffic has fellen by 29 per cent mainly duc to recent changes in the pattern of Shell UK's operations, and there has also been an increase in maintenance costs becausa of major repairs and improvements at Eastham locks. The property business remains sound, say the directors, with good prospects.

Turnover fell to £10.4m (£12.23m), and the company is having to adapt to a significantly lower oil throughput by reducing the workforce still further as quickly as possible, say tha directors. Voluntary severance costs rose from £443,000 to £1.52m, shown as an exceptional charge.

Losses per share are shown at 50.2p (21.9p earnings).

The shares later firmed to close at 325p, down 5p on tha day.

Wyko continues on growth path

HAVING MET its profit targets for the year anded April 30, 1985, the West Midlands manufacturer and distributor of bearings and power transmission components **Wyko Group** is looking forward to further progress in the current year.

The directors report that the order books and activity for the first quarter are at record levels, and their nbjective is a continued expansion of the group's product range and geographical coveraga in the UK and overseas.

Acquisitions made during the past year have been absorved effectively within the divisional structure, they report.

Wyko came to the USM in April when some 25 per cent of its shares were pleced at 68p—of the shares 1m were new and raised some £505,000 which was used to reduce bank debt and to Fund future investment.

Profits of at least £1.8m were forecast for the year 1984-85. The actual figure comes to £1.83m and compares with £1.06m previously. As indicated in the prospectus, the first dividand will he the interim declared when the half year's figures to October 31, 1985, are announced in December.

Turnover in the latest year advanced by £4.2m to £23.96m and led to an operating profit of £2.07m (£1.33m). After tax £724,000 (£378,000) the net profit was £1.11m (£682,000), giving earnings of 6.67p (4.11p) per share.

The UK distribution division (the largest part of the group) lifted its profit by 126 per cent, UK manufacturing improved by 48 per cent, and the international side achieved a 34 per cent increase.

Subsidiaries in the U.S., Germany and South Africa all contributed to a good result, and the export department substantially improved its penetration of African and South American markets.

The U.S. and German companies in particular will feel the benefit of the improved range of products now evailahle from the company's own manufacturing division. Next month, the German company will move into larger premises and these facilities will provide a European showroom, stores and manufacturing facility from which it will be possible to increase sales to customers in EEC and Comecon countries.

BHP Machine Tool and BHP Developments were purchased and have been integrated with Wyko Equipments to provide a much enhanced range of process plant. The business and assets of Power Plant Gears were purchased in April and have been integrated with existing gear and gearbox manufacturing facilities to form Wyko Power Plant Gears.

Since the year end, the business of Western Bearings has been purchased. Its branches at Plymouth and Redruth will give UK distribution much improved coverage of South West England and increases tha number of branches to 24.

Some £1.5m has been spent on acquisitions since June 1984 and the directors look forward confidently to an effective contribution from this investment.

● comment

Wyko's profit forecast of £1.8m made at the time of its flotation came within days of its year-end so there were few repples of excitement when the figure turned out to be marginally above, and the sbares shed 1p to 69p. The growth, fed by acquisitions, has nevertheless been strong. Wyko benefits from the internationalisation of the machinery market. A factory owner in Walsall buys a Japanese lathe; a part wears out, so the factory owner phones Wyko; Wykn provides a replacement part, and quickly. A repeat of last year's profits surge looks out of reach in the current year, hnwever. Further acquisitinns have already been made and more ere likely — probahly fnr paper, with gearing at about 30 per cent — but they will take time to digest. The parts operation will benefit from computerisation, but this will not be cnmplete till the autumn. The opening of the West German showroom, thuugh signalling an important expansion in the key European market, does nnt open until September. The next surge cnuld therefore be in 1986. Meanwhile, however, the solid base for growth is reflected in an historic mnltipla of 10, almnst exactly on tbe main market's sector everage.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—BSR International, Investors Capital Trust, Rotaflex.

Finals—Matthew Clark, Gold Fields Property, Group Investors, New Wits, Vogelstruisbult Metal.

FUTURE DATES

Interims—

British Petroleum	Aug. 29
Cambridge Electronic Industs.	Aug. 29
Dewey Warren	Aug. 22
Ericsson (L.M.) (Telefonaktiebolaget)	Aug. 22
McAlpine (Alfred)	Aug. 20
Metal Bulletin	Aug. 20
Nineteen Twenty-Eight Investment Trust	Aug. 20
Pacific Assets Trust	Aug. 23
Supra	Aug. 20
Weir	Aug. 27

Finals—

Saville Gordon (S)	†Aug. 15
United Packaging	Aug. 20
Vibroplant	Aug. 19

† Amended.

Exeter Building at £0.4m

PRE-TAX profits at Exeter Building and Construction Group rose by £300,000 to £419,000 lo the six months to June 30, 1985, and the directors are to increase the interim dividend by 0.65p to 2.65p. The shares are traded on the USM.

The halfway figure betters that of the last full year, when total dividends of 5.6p were paid. Earnings for the interim period are stated at 7.1p (2.3p) after tax at £144,000 against £32,000.

Turoover increased from £21m to £26m.

An extraordinary meeting will be called fnr September 6 to change the name to EBC Group, to establish an executive sbare option scheme, and to increase the authorised capital to £3m.

Floyd Oil disposal

Floyd Oil Participations has reached agreement in principle with Caledonian Offshore to dispose nf its 0.5 per cent working interest in the Claymore field. Consideration for the sale will be $5.8m (£4.3m), together with an apportionment and reimbursement of certain Claymore Unit costs and taxes.

The consideration will be payahle in cash on completion, which is expected to be at or around January 1, 1986.

Grosvenor Square meets profit and payout targets

IN RESPECT of the year ended March 31, 1985—a period of consolidation and expansion—tha Grosvenor Square Properties Grenp has met its profit and dividend targets. And for the future the directors are confident.

Mr Paul Marber, chairman of this USM group involved in property development, trading and investment, reports profits before tax of £1.06m for 1984-85, compared with £1.05m, and says the final dividend is tha promised 3.5p to lift the total from 3p to 5.5p net.

Since the year-end Grosvenor has acquired in exchanga for unsecured stocks and shares the capital of Pinstone Holdings, which is engaged in property investment mainly in the Thames Valley area; made a one-for-one rights issue to raise some £4.5m; and forecast a dividend of not less than 6 per share for the current year on the enlarged capital.

Mr Marber says the Pinstone acquisition has edded greater strength which will enable tha group to exploit a growing range of development opportunities. The generation of earnings remains the principal objective.

Considerabla progress has been made on tha current development programme and a number of new schemes have been acquired.

Turnover in 1984-85 rose from £6.38m to £9.44m, and generated a gross profit of £1.86m, compared with £1.78m. There was other operating income of £634,000 (£90,000) and interest charges were np to £401,000 (£125,000).

Tax takes £158,000 (£327,000) to leave the net profit at £905,000 (£810,000), equal to 15.1p (14.96p) per share. Cost of the dividend comes to £330,000 (£180,000).

Mainmet back in the black

AFTER REPORTING interim losses, **Mainmet Holdings** came back with second-half profits of £72,485 to enable the company to end the year to May 31, 1985, £27,000 in the black compared with losses of £129,000.

Mr J. N. Smallwood, the chairman, said in his interim statement that he was optimistic that sufficient orders would be forthcoming in the second half. That would enable the board to consider the recommendation of a dividend based on the profits for the full financial year.

Although orders were received, the group was unabla to make delivery of sufficient products before the year-end to generate enough profit upon which to pay a dividend.

However, it has begun the current year with confirmed orders that have invoice valnes totalling £250,000.

This USM listed company, which sells and maintains energy conservation products, improved its turnover from £1.19m to £1.68m during the year. The cost of sales rose from £781,000 to £965,000, leaving gross profits up from £410,000 to £716,000.

Alliance Tst. earnings up

For the year ending January 31, 1986 the **Alliance Trust** is forecasting an increase of 19 per cent to near 21p in earnings per ahare, and is lifting the interim dividend hy 1p to 6p net.

At July 31, the net asset valne of the trust had fallen to 784.4p, from 874.4p at January 31. The mein cause of tha drop has been the 24 per cent appreciation of sterling against the dollar over the six months. Sterling has subsequently weakened and the directors are content to hold 60 per cent of assets in currencies other than sterling.

No major changes in the distribution of investments have been mada other than to increase the cash position to 10 per cent of assets, in response to prospects of slow and uncertain growth in most economies.

The forecast growth in earnings emanates from continuing dividend increases from the trust's major investments, interest on cash, and the continuing fall in the rate of corporation tax. In tha half-year ended July 31, 1985 tha trust produced gross income ahead from £8m to £9.5m; and net incoma available to ordinary holders was £5.58m (£4.5m) for earnings of 11.07p (8.93p)—a rise of nearly 24 per cent.

TECHNOLOGY

EDITED BY ALAN CANE

Car makers turning to fuel injection, says report

BY JOHN GRIFFITHS

EUROPE'S CAR makers are likely to phase out carburettors, replacing them with fuel injection systems, and make wider use of multi-valve engines to increase the performance of mass produced cars, according to a report from consultants Planning Research Systems.

PRS says fuel injection as an alternative to the carburettor is hardly used on cars below 1.5 litres because of its cost. However, fuel injection systems in which fuel is injected at a single point to serve all cylinders, instead of the curreot, expensive multi-point systems, are likely to be adopted as a cheaper compromise which offers better efficiency and lower exhaust emissions than carburettors on small engines.

The report says the advantage of multi-valve engines is that they produce more power, use less fuel and have cleaner exhaust emissions. "Four-valve (per cylinder) designs have so far been used only on low production, high performance engines bot are likely to become more widespread over the next five yeers. In Japan, multi-valve engines in the form of both three and four-valve designs are rapidly gaining market share and Europe is expected to follow."

As for turbocharged engines, —in which the fuel/air mixture is forced into the eogine under pressure — despite their rapid growth between 1982 and 1984 PRS says turbochargers' use on petrol engines "has been viewed with verying degrees of enthusiasm.

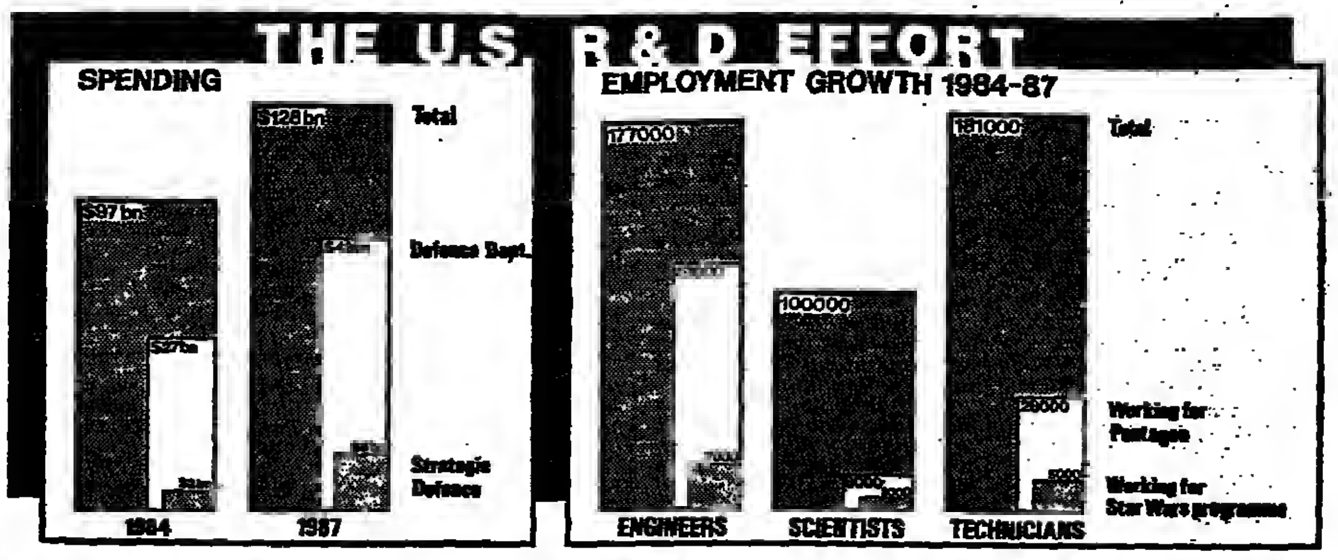
"Many installations bave not been entirely satisfactory" because of lack of low-speed power and a lag in response under acceleration.

The future of turbocharging is brighter in terms of its application to car diesel engines, bowever. The report suggests it can usefully reduce the gap between a diesel and petrol engine's performance.

The Automotive Engine Component Market in Western Europe; £600. PRS Business Publications, 24 Old Bond Street, London, W1.

Star Wars threat to civilian research

Europe's fears that the Strategic Defence Initiative will give the U.S. a big lead in technology may be misplaced, reports Peter Marsh



THE U.S. Star Wars programme will have few commercial spin-offs and may even divert scarce science and engineering resources away from civilian programmes, according to the Council on Economic Priorities, a New York research group.

Their conclusion fuels the debate about the degree to which the $26bn Strategic Defence Initiative will affect technological developments in the rest of the U.S. economy.

Largely in response to the SDI programme, which aims to provide a defence against Soviet missiles, West European nations are discussing a rival collaborative research project called Eureka.

Plans for Eureka arose, at least in part, because of European worries that the SDI programme could give U.S. companies a lead in technologies such as computers, optics and new materials that could be applied commercially.

Now, according to a 215-page report from the New York organisation, such worries may not be justified.

The report says thet evidence of commercial spin-offs from massive technological projects sucb as Star Wars or the Apollo Moon programme of the 1960s is contradictory. The SDI programme can be best assumed to have a neutral effect on the civilian economy.

While big Apollo-type projects give a boost to a wide range of technologies, the fact that they are developed for government programmes directed to particular goals reduces the application of the techniques in other areas.

Security restrictions on SDI work could decrease the impact in the civilian economy of developments that the programme stimulates in, for instance, computers and artificial intelligence. In addition, the Star Wars programme will compete with other projects for money from a limited research and development budget. It could lead to reduced support for commercially-oriented programmes with less popular appeal.

It is expected that between 1984 and 1989 the Star Wars programme will take an increasing share of the cash allocated by the U.S. Defense Department for research, development, testing and evaloation — up from 3.7 per cent (out of a total budget of $27bn) to 13.1 per cent.

In 1986, the SDI effort could account for 3.2 per cent of the annual U.S. outlay on research and development of $116bn, with the figure growing substantially as the programme moves closer to producing operational missile defence systems.

And between 1985 and 1990, the programme is likely to consume 14 per cent of the growth in American R and D.

The report comments: "While strategic defence (including other defeoce projects outside Star Wars) will amount to only about 4 to 5 per cent of total (national) R and D in 1986, rapid growth in the early years of the programme could crowd out other federal R and D efforts with less political clout."

In terms of human resources, the SDI programme required in 1984 the work of 4,800 engineers, scientists and technicians. The figure could rise to 18,400 by 1987.

At this point Star Wars would use 5 per cent of all the scientific and technical staff employed by the Pentagon and one in 200 of the national total.

One in 25 of the 177,000 extra engineers likely to become employed between 1984 and 1987 could be required for the Star Wars programme. The Defense Department as a whole is likely to require, directly or indirectly, a third of the total growth.

Of the 100,000 extra scientists and 181,00 technicians due to emerge on the labour market over the same period, some 2 per cent for both groups would work on Star Wars.

"Most of the work done under the initiative will be concentrated in areas requiring large numbers of computer professionals and aeronautical and astronautical engineers. SDI might, therefore, exacerbate the likely labour market problems

The report bases its figures on projections for SDI spending from the Pentagon, according to which the budget for the programme is to increase from $1.3bn this year to $3.7bn in the fiscal year beginning in October and $6.1bn the year after.

The cash that Congress allocates to the project may, in fact, be lower. The 1986 budget for the programme has yet to be fixed but indications are it will be $2.5bn to $3bn.

The Strategic Defence Initiative: Costs, Contracts and Consequences; Council on Economic Priorities, 30 Irving Place, New York, NY 10003, U.S.

Contradictory evidence from the Apollo programme

THE STUDY by the Council on Economic Priorities attempts to compare the SDI programme with the Apollo lunar project organised by the National Aeronautics and Space Administration.

This project—which in its peak year of 1966 consumed 13 per cent of U.S. R and D spending—is widely assumed to have given American industry a lead in technologies such as microchips and other materials which could be used commercially.

In 1966, Nasa employed 92,000 scientists and engineers, or one in 20 of the national total.

Studies of the commercial benefits from the Apollo programme are contradictory, says the report. One study, by Chase Econometrics in 1965, found that Nasa's spending on R and D was associated with higher productivity in the rest of the economy.

It predicted that for every $1m spent by Nasa in one year, the U.S. could expect to benefit from increased output of $23m 10 years later.

Researchers have also traced advances in specific industries, communications satellites for example, to relatively modest R and D spending by Nasa.

Other studies, however, paint a less optimistic picture of the way that federal R and D spending boosts the overall economy.

Most federal R and D, according to the Council on economic Priorities, is for developing products for Government use such as aircraft and communications equipment. This is rather than for the development of production processes for commercial goods, innovations in which could be expected to diffuse through the whole of the civilian economy.

The report cites recent work at Columbia University which found that increases in federal R and D were more likely to reduce privately-funded work than stimulate it. In the study, Professor Frank Lichtenberg calculated that if the state funded an extra 100 R and D scientists this was likely to result in 29 fewer company-sponsored scientists within 12 months, essentially no change the following year, and an increase of seven the year after.

"It would . . . be hasty to assume a specific government project will either help or hinder private sector technological growth . . . Unless the supporters of a specific project can demonstrate how it will help, we should assume that the effect is best neutral," the report says.

Paperless recorder will monitor factory processes

A CHART recorder for monitoring manufacturing processes which does away with chart paper has been developed by Penny and Giles Data Recorders of Dorset in the UK.

The company's new Teletrend device also dispenses with pens and different coloured inks for recording plant performance.

Instead, the various items being measured are shown on a full colour visual display screen while a permanent historical record is made on tape using e miniature cartridge.

According to the company, its research showed that in most cases the record is examined only for the first few bours after the time at which a particular record was made — only rarely are the records examined at a later date.

When examination at a later date does take place, Penny and Giles says a re-run of the original recording is all that is usually required.

So the company argues, all that is needed is a trend recording facility as well as a long-term storage and reproduction facility.

The Teletrend recorder presents on the cathode ray tube screen a real time bar graph display and simulated chart traces for each of the items being measured.

According to the company, all traces are coincident in time, eliminating time displacement that occurs on conventional pen recorders. Typically, it claims, this delay can be 40 minutes

The unit is fitted with a hand-held keypad so that the operating characteristics of the recorder can be changed.

An operator can only have access to the recorder controls by using the keypad; and use of the keypad can be controlled by a plant supervisor: It is possible to set the keypad so that certain features — calibration, for example, cannot be altered.

Alarm switches are available as an optional facility. Each alarm set point is displayed by a triangular pointer adjacent to the bar graph display, and they flash once a second if the danger point is reached.

The recorder has sufficient memory to record for one hour while a tape is being rerun.

ALAN CANE

Facsimile unit for car telephones

A FACSIMILE unit capable of operating over the cellular network for car telephones is now available.

Speed and cell changes have little effect on the output of the unit called Shuttle Boy, which is smaller than the average briefcase and weighs 7 kilograms. It will transmit an A4 size document in three minutes, and 15 to 20 documents with a single rechargeable battery although the unit could also be powered off the car's battery.

One of the first users will be an office company. It plans to send to its office sales orders received by salesmen.

Drumming up extra capacity

A POLYETHYLENE drum rigid enough to provide adequate stacking strength yet flexible enough to provide protection for the contents without splitting is manufactured by Huntingdon-based plastics blow moulders, Harcostar. It was developed for handling liquids for the chemical and food industries.

It can be handled with the equipment used for steel drums and gives an 11 per cent improvement in carrying capacity in a 20 ft, ISO freight container.

AutoCAD user group formed

USERS of the AutoCAD micro-CAD (computer aided design) system have set up an organisation to exchange experience and information.

Although architects have taken the initiative, the user group is not limited to the construction industry. There are over 1,600 AutoCAD users in the UK.

FT COMMERCIAL LAW REPORTS

Insurer cannot claim from negligent tenant

MARK ROWLANDS LTD v BERNI INNS LTD AND OTHERS

Court of Appeal (Lord Justice Kerr, Lord Justice Croom-Johnson and Lord Justice Glidewell): July 31 1985

A TENANT who pays an "insurance rent," in that he contributes to the cost of fire insurance taken out by the landlord, is intended to benefit from the cover and therefore cannot be sued by the landlord, or by the insurers in the landlord's name, for negligently causing damage by fire.

The Conrt of Appeal so held when dismissing an appeal by landlords, Mark Rowlands Ltd, from e decision by Lord Justice Stephen Brown sitting as a Queen's Bench judge, that their insurers were not entitled by right of subrogation to sue tenants, Berni Inns Ltd and others, for negligence.

LORD JUSTICE KERR said that on January 27 1980 a serious fire broke out and effectively destroyed e building in Leeds.

It was not occupled by the landlord. The basemant and part of the ground floor were occupied by the tenants and used as e restaurant. The remainder was used for storage.

The cause of the fire was electrical. The present action proceeded on the basis that it was caused by the tenants' negligence. Damages of £1,429,166 were agreed as the cost of reinstating the whole building with money received by the landlords from their insurers.

The issue was whether the landlords could maintain an action for negligence against the tenants and wbether the insurers could recover damages by subrogation.

Under the lease the tenants covenanted to contribute towards the cost of insurance and the landlords covenanted to keep the premises insured against fire. If they were destroyed, the rent ceased to be payable for three years.

The subject-matter of the insurance was the entire building, an agreed sum for loss of rent, and architects' and surveyors' fees. The persons insured under the policy were the landlords. No reference was made to the tenants.

Lord Justice Stephen Brown concluded that the landlords had insured the entire premises for the joint benefit of themselves and the tenant; and that there was accordingly no scope for subrogetion so that the landlords' claim in negligence must fail.

On the terms of the lease and the relevant euthorities he was correct in reaching that conclusion.

The tenants' interest in the insurance was plain under the terms of the lease. So was the fact that it must heve been the parties' intention that the insurance should enure for the benefit of the tenants as well as the landlords.

There was nothing in law which precluded that conclusion.

Provided a person with a limited interest had an insurable interest in the subject metter of insurance, he was not precluded from asserting that insurance effected by another was intended to enure to his benefit to the extent of his interest.

The tenants were required to contribute to the cost of the insurance; in the event of fire they were to be relieved from their repairing and other obligations provided the insurance was not vitiated by their "wilful or reckless ect or omission." Also they were relieved of their obligation to pay rent.

For the purpose of insurance against fire it was irrelevant whether the cause was accidental or due to negligence.

In *Mumford Hotels v Wheler [1964] 1 Ch 117*, the insurance was in the name of the landlord alone. Upon destruction of the property by fire and the landlord's refusal to use the insurance moneys for reinstatement, the tenant claimed that she was obliged to do so, and succeeded.

Mr Justice Harman said that the landlord'e obligation to insure was an obligation intended to enure for the benefit of both parties.

Mr Turner, for the landlords in the present case, submitted that the insurance should not be treated as baving been effected for the benefit of the tenant.

He asserted first that such e conclusion would infringe section 2 of the Life Assurance Act 1774, which provided that it was not lawful "to make any policy on the life of . . . any person . . . or other event . . . without inserting . . . the person's name . . . for whose . . . benefit . . . such policy is made."

That ancient statute did not apply to indemnity insurance, but only to insurance which provided for payment of e specified sum on the happening of an insured event.

Mr Turner also submitted that the tenants had no insurable interest in the building as such, including the parts that they occupied.

That view was untenable. If one were dealing with the tenant of a flat in the npper storeys with e similar lease it would be virtually unarguable.

It was refuted by the words of Mr Justice Lawrence in *Lucena v Crawford (1806) 2 Bos & Pur 265, 302*: "A man is interested in a thing to whom advantage may arise or prejudice happen from the circumstances which may attend it . . ."

The tenants were right in their submission that the insurance was for their benefit as well as for the landlords'.

However, the real issue was whether the terms of the lease and the full indemnification of the landlords by their receipt of the insurance moneys precluded them from recovering damages in negligence from the tenants.

If so, the insurers would be equally precluded from suing in the landlords' name by virtue of their rights of subrogation.

The only English authority cited in thet connection was *Petrofina (UK) v Magnaload [1984] 1 QB 127* where Mr Justice Lloyd followed the Supreme Court of Canade in *Commonwealth Construction v Imperial Oil [1977] 69 DLR (3d) 558*. In those cases the insurers were unable to assert any right of subrogation in that the defendants were co-insured with the plaintiffs under the same policy.

They were distinguished in that in the present case the tenants were not co-insured with the landlords. Also the parties were contractually bound by the lease, so that there was the further issue of whether its terms precluded the landlords from recovering damages.

In *Agnew-Surpass Shoe Stores (1975) 55 DLR (3d) 676, Ross Southward Tire (1975) 57 DLR (3d) 24D* and *T. Eaton (1977) 92 DLR (3d) 425*, in the Supreme Court of Canada, the tenants were also not co-insured. No-one appeared to heve questioned their right to contend that the premises were insured for their benefit as well as the landlords'.

The terms of the leases in those cases differed, but none was more favourable to the tenant in any relevant aspect than the present lease. The majority of the Supreme Court in each case decided the issue in favour of the tenant. All the judgments were in line with the ratio in *Mumford v Wheler*.

The same view prevailed in the United States. It should be followed and adopted in the present case.

An essential feature of insurance against fire was that it covered fires caused by accident as well as by negligence. That was what the landlords had agreed to provide in consideration, *inter alia* of the insurance rent paid by the tenants.

The intention of the parties, sensibly construed, must therefore have been that in the event of damage by fire, whether due to accident or negligence, the landlords' loss was to be recouped from the insurance moneys and they were to have no further claim against the tenants for damages in negligence.

Accordingly, the landlords had no right to recover damages and their insurers had no relevant right of subrogation. The appeal should be dismissed.

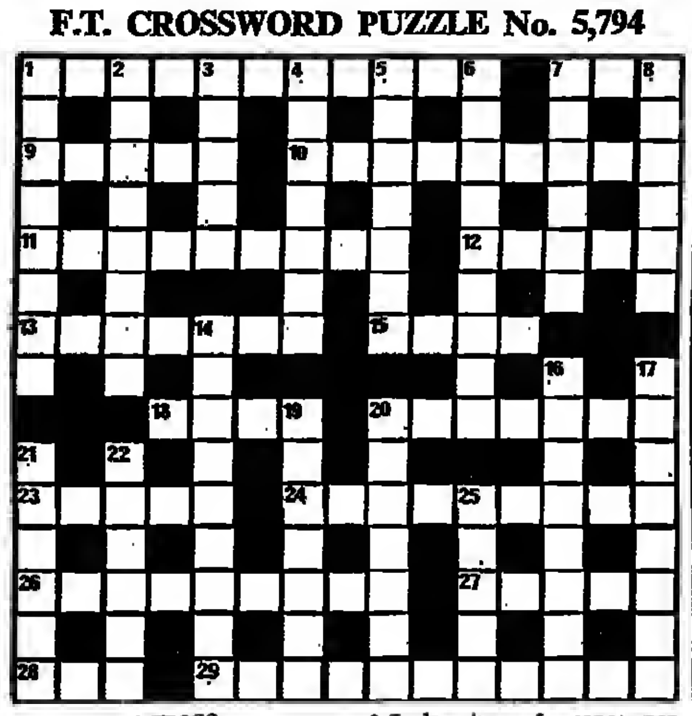
Lord Justice Croom-Johnson and Lord Justice Glidewell agreed.

For the landlords: Michael Turner QC and Jonathan Harvey (Lawrence Graham).

For the tenant: Michael Harvey QC and Roger Ter Haar (Hewitt Woollacott and Chown).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,794



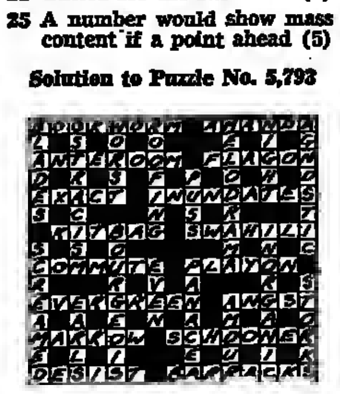
ACROSS

1 Tongue twister (11)
7 Subside like a wise man from the East (3)
9 Hurry back to the fishing grounds (5)
10 Sound quality (9)
11 Arab stole new instrument (9)
12 Things to do in bad times (5)
13 Restrainers nip back in building site (3-4)
15 Down draughts (4)
18 Sports area no longer quiet —it's irritating (4)
20 Switches on this panel (7)
23 Back-track around to reveal an educator (5)
24 Uniform headgear (6, 3)
26 Not a singularly attractive doctrine (9)
27 Dirty stern, up to a point (5)
28 This head is bright (3)
29 Supports braces (11)

DOWN

1 Times institute workers (8)
2 Where these art forms are exhibited? (8)
3 Exhibition of Western skills —or back round the lines (5)
4 Looks egain for soldiers trapped by stupid dares (7)
5 Set about sailors round the samplers (7)
6 7 down'e performance perhaps . . . . (9)
7 . . . . made him resign (6)
8 Paint often applied in 2 down . . . . (6)
14 . . . . where one or two of these are usually taken (9)
16 Wingless craft in praise of exercise (8)
17 Those who approve of strikers? (8)
19 Comparatively pleased (7)
20 He's usually sacked (7)
21 Commodity found beside a barn in Devon (6)
22 Gutted for the racketeer (6)
25 A number would show mass content if a point ahead (5)

Solution to Puzzle No. 5,793



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
2-2 High Holborn WC1V 7EB — 01-405 8441

Pearl Growth Fd.	91.8	95.1		3.48
Accum Units	91.3	97.1		3.48
Pearl Inc.	86.1	91.6	+0.1	3.10
Pearl Unit Tst.	90.5	96.3	+0.1	4.24
(Accum Units)	153.1	162.9	+0.2	4.24

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. — 0491 576868

Growth	177.7	190.7	-0.3	1.59
Income	134.3	144.1	-	5.49
Worldwide Recovery	103.9	108.3	-0.3	2.14
American Growth	56.3	60.4	-0.6	0.70
Intl. Emerging Cos.	57.6	61.8	-0.1	0.78
Far East Growth Fd.	46.6	50.0	-0.3	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. — 01-247 7544/7

Prolific Far East	98.5	105.5	-0.6	0.33
Prolific Extra Inc.	60.3	64.3	+0.3	6.42
Prolific Gilt Cap	82.1	85.4	+0.3	3.22
Prolific High Inc	126.2	134.9	+0.5	5.68
Prolific Intl.	81.2	87.0	-0.8	1.81
Prolific N. Amer.	114.6	122.8	-1.5	2.55
Prolific Spec. Sits	133.2	142.9	+0.3	1.70
Prolific Technology	99.7	106.8	-0.8	0.62

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. — 01-749 9111

Japan Trust	47.8	50.4	-0.6	-
Worldwide	47.3	50.1	-0.4	2.84
European Trust	49.8	52.8	-0.2	2.20
North American	48.5	51.4	-1.1	2.06
UK Equity	48.8	51.7	+0.1	4.10

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. — 01-478 3377

Holborn Equity Tst.	316.3	336.4	+1.0	3.71
Holborn Gilt Tst.	154.1	161.0	+0.4	8.29

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants. SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	91.3	97.2	-1.1	1.50
Do. Accum	95.1	101.7	-1.4	1.51
TSB Extra Income	83.0	88.3	+0.3	6.08
Do. Accum.	92.4	98.3	+0.3	6.48
TSB General	117.0	124.4	+0.7	3.48
Do. Accum	189.5	201.5	+1.1	3.40
TSB Gilt & Fxd Inc	47.2	49.2	+0.2	9.41
Do. Accum	58.0	60.5	+0.2	9.41
TSB Income	159.8	170.0	+0.5	3.14
Do. Accum.	241.0	256.4	+0.9	3.19
TSB Pacific	99.7	106.1	+1.0	0.62
Do. Accum.	102.2	108.8	-1.0	0.62
TSB International	223.5	237.8	-3.2	1.89
Do. Accum.	272.1	289.5	-3.6	1.89
Natural Resources	44.9	47.8	+0.3	2.11
Do Accum	45.4	48.3	+0.3	2.11
TSB Small. Opps.	45.6	48.6	+0.3	2.58
Do. Accum	49	52.2	+0.2	2.58

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.6	70.1	-0.7	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks — (0296) 5941

American Eagle	64.1	68.6	-0.9	0.27
Australia	29.3	31.3	-0.2	0.10
Commodity	87.6	94.2	-0.5	3.99
Energy	38.8	41.5	-0.2	0.33
Equity	97.0	103.5	+0.5	3.94
European Spec. Sits.	50.2	54.5	-0.1	0.47
Extra Income	88.0	95.0	+0.3	8.56
Financial	203.4	217.0	+2.0	2.63
Gilt Capital	222.5	232.9	+0.9	3.25
Gilt Income	104.5	109.4	+0.4	8.28
Gold Income	62.6	66.9	+1.1	1.75
Gold Acc.	111.0	120.9	+1.9	1.75
Income	57.9	62.3	+0.5	4.98

Allied Dunbar Assurance PLC
Allied Dunbar Ctr, Swindon SN1 1EL. — 0793 28291

Fixed Int. Dep. Acc.	206.4	[illegible]	-	-
EquityAcc.	501.4	[illegible]	-	-
PropertyAcc.	304.4	[illegible]	-	-
Far East Acc.	98.6	[illegible]	-	-
Managed Cap.	266.2	[illegible]	-	-
Managed Acc.	421.0	[illegible]	-	-
O'seas Earnings Acc.	330.2	347.6	-	-
Gilt EdgedAcc.	238.7	251.3	-	-
American Equity Acc.	291.4	306.8	-	-
American Man.Acc.	145.3	[illegible]	-	-
American Prop Acc.	129.2	[illegible]	-	-
Pen F.I.Dep.Cap.	226.2	[illegible]	-	-
Pen.F.I.Dep.Acc.	338.6	[illegible]	-	-
Pen. Prop. Cap	571.1	[illegible]	-	-
Pen. Prop. Acc.	613.8	[illegible]	-	-
Pen. Man. Cap.	618.3	[illegible]	-	-
Pen. Man. Acc	856.3	[illegible]	-	-
Pen GiltEdg.Cap.	247.9	[illegible]	-	-
Pen. Gilt Edg. Acc.	334.0	[illegible]	-	-
Pen Eq. Cap.	793.1	[illegible]	-	-
Pen. Eq. Acc.	993.0	[illegible]	-	-
Pen. Am. Eq Cap.	120.9	[illegible]	-	-
Pen Am. Eq Acc	127.6	[illegible]	-	-
Pen. Far East Cap.	106.2	[illegible]	-	-
Pen. Far East Acc.	112.1	[illegible]	-	-
Pen. B.S. Cap.	235.8	[illegible]	-	-
Pen. B.S. Acc.	343.6	[illegible]	-	-
Pen. D.A.F. Cap.	189.6	[illegible]	-	-
Pen. D.A.F. Acc.	246.2	[illegible]	-	-
Pen. Mortgage Cap	106.6	[illegible]	-	-
Pen. Mortgage Acc.	112.6	[illegible]	-	-

Ambassador Life Ass. Co. Ltd.
80 Holdenhurst Rd, Bournemouth BH8 8AL 0202 292345

Equity Fd Acc.	100.1	105.4	-0.4	-
Equity Fd Cap.	95.5	100.6	-0.3	-

Barclays Life Assur. Co. Ltd.
252 Romford Road, E7. — 01-534 5544

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. — 01-242 0282

Life Funds				
Managed Fund	473.5	498.4	+0.6	-
Equity Funds	523.6	551.1	-0.5	-
International Fund	180.5	190.0	-1.3	-
Fixed Interest Fund	164.3	172.9	+2.1	-
Property Fund	118.6	124.8	+0.2	-
Index Linked Fund	108.3	113.8	+1.5	-
Cash Deposit Fund	118.7	124.9	+0.4	-
PIP Fund		1,378.4	+18.3	-
Individual Pension Funds				
Portfolio Pens Managed	276.8	291.3	+3.9	-
Staffguard Managd Pen	276.8	291.3	+3.9	-
Group Pension Funds				
Group Mngd Pension	-	736.3	-	-
Equity Pension	-	1,121.1	-	-
International Pension	-	235.0	-	-
Fixed Interest Pension	-	626.4	-	-
Property Pension	-	463.9	-	-
Index Linked Pension	-	120.8	-	-
Cash Deposit Pension	-	156.5	-	-

Continental Life Insurance PLC
64/70 High St, Croydon CR0 9XN. — 01-680 5225

Equity Acc.	228.9	241.0	-	-
Property Acc.	203.8	214.6	-	-
Int Acc	173.8	183.0	-	-
Managed Acc.	205.7	216.6	-	-
Spec Sits Acc.	163.7	172.4	-	-
Investment Tst Acc.	100.6	105.9	-	-
Pen Int Acc.	180.6	190.2	-	-
Pen Prop Acc.	253.0	266.4	-	-
Pens Equity Acc.	327.8	345.1	-	-
Pen Mngd Acc.	224.7	236.6	-	-
Pens F & C Man Acc.	101.5	106.9	-	-
Pens Int Trust Acc.	119.7	126.0	-	-

Prices for other funds available on 01-377 8682.

Cornhill Insurance PLC
57 Ladymead, Guildford. — 0483 68161

Equity Fd Aug 7	180.5	190.0	-	-
Fixed Int Aug 7	146.0	154.0	-	-
Man Growth Aug 7	398.9	419.9	-	-
Money Fd Aug 7	130.5	137.5	-	-
Cap Fd July 15		292.0	-	-
G.&S. Spec. Fd July 15		124.0	-	-

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. — 0992 31971.

Portfolio Fd Acc	326.0	326.0	-	-
Portfolio Fd Init.	249.9	249.9	-	-
Portfolio Fd. Inv. &	325.9	343.2	-	-
UK Equity	139.8	147.2	-	-
Overseas Equity	117.9	124.2	-	-
Smaller Companies	99.1	104.4	-	-
Gilt Plus	106.7	112.4	-	-
Gilt Plus 88	104.0	110.4	-	-
Fixed Int Dep	103.7	109.2	-	-
Managed	127.6	134.4	-	-
Inter Man	119.7	126.1	-	-

For other prices please telephone 0992 31971

Gresham Unit Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. — 0202 767655

Managed Fd	336.4	354.4	-	-
Money Fd.	172.0	181.1	-	-
Equity Fd.	281.5	296.6	-	-
Fixed Int. Fd.	131.0	138.0	-	-
Property Fd.	193.5	203.9	-	-
Managed Pen. Fd.	321.6	338.8	-	-
Equity Pension Fd.	202.6	213.4	-	-
Fixed Int. Pen. Fd.	191.3	201.5	-	-
High Yield Pen. Fd.	192.3	202.6	-	-
Money Pension Fd.	152.2	160.2	-	-
Property Pension Fd.	154.6	162.8	-	-
Gresham/Framlington				
American & Gen. Fd.	267.1	281.5	+1.0	-
Capital Fd.	304.5	320.9	+0.5	-
Income Fd.	263.8	278.0	-0.4	-
Intl. Growth Fd	270.4	284.9	+0.3	-
Japan & Gen. Fd.	98.6	103.9	-0.6	-
Recovery Fd.	192.5	202.8	+0.6	-

Growth & Sec. Life Ass. Soc. Ltd.
47, London Fruit Exchange, E1 6EU — 01-377 9345

Flexible Finance		186.00	-	-
Landbank Secs.		66.72	-	-
Landbank Secs. Acc.	211.00	217.00	-	-
G. & S. Super Fd.		£12.400	-	-

Guardian Royal Exchange
Royal Exchange, EC3. — 01-283 7101

Legal & General (U.A.)—Contd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU — Burgh Heath 53456

Ex. Bldg. Soc. Unit.	97.7	102.9	-	-
Do. Accum.	99.7	105.0	+0.1	-
Exempt Cash Init.	178.1	187.5	+0.1	-
Do. Accum.	228.6	240.7	+0.2	-
Exempt Eqty. Init.	496.6	522.8	+3.0	-
Do. Accum.	637.4	671.0	+3.8	-
Exempt Fixed Init.	298.7	314.5	+1.2	-
Do. Accum.	383.3	403.5	+1.4	-
Ex. Index Lnk. Gilt.	100.7	106.1	+0.7	-
Do. Accum.	110.4	116.3	+0.7	-
Exempt Intl. Initial	147.3	155.1	-	-
Do. Accum.	168.7	177.6	+1.0	-
Exempt Mngd. Init.	390.7	411.3	+1.2	-
Do. Accum.	501.5	527.9	+1.5	-
Exempt Prop. Init.	180.3	189.8	-	-
Do. Accum.	231.5	243.7	+0.1	-
Sp. Deposit Init.	130.0	136.9	+0.2	12.5
Do. Accum.	148.0	155.8	+0.1	12.5

Legal & General Prop. Fd. Mgrs. Ltd.
11, Queen Victoria St, EC4N 4TP. — 01-248 9678

L & G August 1	151.9	157.7	-	-

Next sub day September 1

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. — 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	26.4	27.9	-	-
Managed	20.4	21.5	-	-
Equity	15.4	16.3	-	-
Blue Chip	22.6	23.7	-	-
Special Sits	22.5	23.7	-	-
International	27.0	28.5	-	-
American	20.6	21.7	-	-
Pacific	19.6	20.7	-	-
Property	17.7	18.7	-	-
Fixed Yield	20.5	21.6	-	-
Index Linked Secs.	11.4	12.1	-	-
Int Currency	13.3	14.0	-	-
Deposit	16.5	17.4	-	-

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage. — 0438 356101

Managed	286.4	301.5	-	-
Property	234.5	246.8	-	-
Equity	299.5	315.3	-	-
Gilt Edged	306.1	322.2	-	-
Deposit	172.8	181.9	-	-
Investment	125.9	132.5	-	-
International	234.3	246.6	-	-
Pension Fund Prices				
Managed Init.		305.7	-	-
Do. Accum.		234.5	-	-
Property Init.		197.4	-	-
Do. Accum.		225.0	-	-
Equity Init.		225.8	-	-
Do. Accum.		257.1	-	-
Gilt-Edged Init.		194.8	-	-
Do. Accum.		222.2	-	-
Guaranteed Init.		134.9	-	-
Do. Accum.		153.9	-	-
International Init.		287.1	-	-
Do. Accum.		327.2	-	-
Index Lk. Gilt Init.		120.7	-	-
Do. Accum.		137.7	-	-

Merchant Investors Assurance
Leon House, 233 High St., Croydon — 01-686 9171

Property	205.9	-	-	-
Property Pens.	382.6	-	-	-
Equity	334.5	-	-	-
Equity Pens.	521.5	-	-	-
Money Market	264.5	-	-	-
Money Mkt. Pens.	449.1	-	-	-
Deposit	209.5	-	-	-
Deposit Pens.	309.1	-	-	-
Managed	218.2	-	-	-
Managed Pens.	370.7	-	-	-
Intl. Equity	224.8	-	-	-
Do. Pens.	313.4	-	-	-
Intl. Managed	215.5	-	-	-
Do. Pens.	273.1	-	-	-
North American	119.4	-	-	-
Do. Pens.	129.3	-	-	-
Far East	153.8	-	-	-
Do. Pens.	176.8	-	-	-
Intl. Currency	123.5	-	-	-

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. — 01-680 0606

Property Fund		247.1	-	-
Property Fund (A)		246.9	-	-
Agricultural Fund		1061.1	-	-
Agric. Fund (A)		1024.6	-	-
Abbey Nat. Fund		245.9	-	-
Abbey Nat. Fd. (A)		244.2	-	-
Investment Fund		158.0	-	-
Investment Fund (A)		154.2	-	-
Equity Fund		490.7	+1.0	-
Equity Fund (A)		538.1	+1.0	-
Money Fund		247.3	-	-
Money Fund (A)		241.9	-	-
Actuarial Fund		253.7	-	-
Gilt-Edged Fund		212.6	+0.8	-
Gilt-Edged Fd. (A)		212.6	+0.8	-
Retire Annuity		414.2	-	-
Immed. Ann'ty		206.3	-	-
International Fd.		283.2	-	-
Bldg. Soc. Life Fd.		121.3	-	-

Property Growth Pensions & Annuities Ltd.

All Wther Ac. Uts.	321.0	337.9	-	-
Inv. Fd. Uts.	339.6		-	-
Pension Fd. Uts.		305.6	+0.1	-
Conv. Pens. Fd.		368.1	-	-
Cnv. Pns. Cap. Ut.		238.5	-	-
Man. Pens. Fd.		424.7	-	-
Man. Pens. Cap. Ut.		310.0	-	-
Prop. Pens. Fd.		332.6	-	-
Prop. Pens. Cap. Uts.		236.4	-	-
Bldg. Soc. Pen. Ut.		317.8	-	-
Bldg. Soc. Cap. Ut.		230.1	-	-
Gilts Pens. Fd.		200.8	+1.0	-
Gilts Pens. Fd. Cap.		164.8	+0.8	-
Equity Pens. Fd.		341.0	-0.1	-
Equity Pens. Fd Cap		280.3	-0.1	-
Intl. Pens. Fd.		122.4	-	-
Intl. Pens. Fd. Cap		115.6	-	-

Providence Capital Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. — 01-749 9111

Equity Acc.	131.4	138.7	-0.1	-
Fixed Interest Acc.	97.9	105.4	-0.1	-
Intnl. Acc.	89.2	94.1	-0.6	-
Managed Acc.	103.4	109.1	-0.4	-
Property Acc.	140.3	148.1	-	-

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031 225 2211

Property	105.5	111.2		-
UK Equity	121.9	110.5	+0.2	-
American	129.2	136.1	-3.3	-
Pacific	95.8	101.0	-1.6	-
European	123.0	179.5	-0.7	-
International	113.1	119.3	-1.7	-
Fixed Interest	105.1	110.7	-0.3	-
Index Linked	102.2	107.7	+0.6	-
Deposit	103.9	109.4		-
Managed	111.9	117.9	-0.7	-
Pens. Property	109.9	115.7		-
Pens. UK Equity	129.8	136.8	+0.5	-
Pens. American	135.3	142.6	-4.0	-
Pens. Pacific	97.8	103.0	-1.6	-
Pens. European	128.2	175.0	-0.8	-
Pens International	117.9	124.2	-1.9	-
Pens. Fixed Int.	108.0	114.7	-0.4	-
Pens. Index Linked	105.5	110.8	+0.5	-
Pens. Deposit	110.2	116.1	+0.1	-
Pens. Managed	116.2	122.4	-0.7	-

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow. 041-248 6321

Five End June 16	601.2	609.5	-	-
Pen Mngd June 28	406.4	919.0	-	-

Scottish Mutual Investments
109 St Vincent St., Glasgow. 041-248 6321

Safety Fund	97.4	102.8	+0.3	-
Growth Fund	95.4	102.5	+0.1	-
Opportunity Fund	93.7	98.7	+0.1	-
Cash Fund	96.4	101.5		-
European Fund	100.1	105.4	-0.1	-
Gilts & Fxd Int Fund	100.7	106.1	+0.6	-
Index-Linked Fund	96.7	101.8	+0.4	-
International Fund	92.1	97.0	-0.9	-
North American Fund	85.3	89.8	-1.7	-

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc.	310.0	334.8	+0.9	-
Property Acc.	197.0	207.4	+0.1	-
Equity Acc.	438.9	462.0	+1.1	-
Fixed Interest Acc.	188.2	198.2	+1.2	-
Index-Linked Acc.	104.5	170.0	+0.3	-
Cash Acc.	167.8	176.7	+0.1	-
American Equity Acc.	179.4	188.9	+0.7	-
U.S. Bonds Acc.	101.2	106.6	-2.0	-
Japan Acc.	111.1	117.0	+0.3	-
Pacific Acc.	106.0	111.6	+0.4	-
Far Eastern Acc.	229.2	241.3	+0.9	-
International Acc.	225.7	237.6	+0.2	-
U.S. Dollar Acc.	98.3	103.5	-1.7	-
Yen Acc.	96.2	101.3	-	-
European Currency Acc.	97.8	102.2		-
Distribution	142.1	149.6	+0.2	10.08

Sun Life Pensions Management Ltd
(funds for individual pension contract)

Pens. Managed Acc.	317.6	334.4	+1.0	-
Pens. Property Acc.	162.9	171.5	+0.1	-
Pens. Equity Acc.	405.7	427.1	+1.8	-
Pens. F. Interest Acc.	179.8	189.3	+1.3	-
Pens. Ind. Lnkd. Acc.	107.2	112.9	+0.5	-
Pens. Cash Acc.	171.7	180.8	+0.5	-
Pens. Amer. Equity Acc.	145.1	152.8	-0.1	-
Pens. U.S Bonds Acc.	115.1	121.2	-2.4	-
Pens. Japan Acc.	109.8	115.6	-0.2	-
Pens. Pacific Acc.	131.0	137.9	+0.1	-
Pens. Far Eastern Acc.	345.8	364.1	+1.2	-
Pens. Internat. Acc.	294.4	309.9	+0.5	-
Pens. U.S. Dollar Acc.	102.6	108.1	+3.1	-
Pens. Yen Acc.	98.2	103.4	-1.5	-
Pens. Euro. Curr. Acc.	[illegible]	102.1	-0.6	-

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732-450161

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.48	-	-0.12	-

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.22	-		-

Inv. Adv.: M. & G. Inv. Mngt., Ltd. London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.26	-		-
Dynamic Grwth Fd	$8.33	-		-

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.55	-	-	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	11.27	8.49	12.41	6-mth
7-day Fund	11.63	8.69	12.07	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	11.17	8.33	12.29	6-Mth
7-day Fund	11.71	8.79	12.89	6-Mth
Dollar	6.69	-	-	6-Mth
Money Mngt. Acc.	11.125	8.31	12.42	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 9DF 031-225 8484				
Full Service Chq Acc.	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.375	8.50	12.70	Qtr
Max. Int. Chq.	11.25	8.41	11.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	11.7101	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.31	12.34	Mth

(shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p	Marks & Spencer	11
Allied-Lyons	16	Midland Bk.	38
BAT	32	NEI	8
BOC Grp	25	Nat West Bk.	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Charter Cons	18	Unilever	85
Comm Union	19	Vickers	19
Courtaulds	12½	**Property**	
Debenhams	17½	Brit Land	12
Distillers	20	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	20
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brit. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd.	38	Premier	5
ICI	60	Shell	60
'Imps'	18	Tricentrol	18
Jaguar	28	Ultramar	19
Ladbroke	24	**Mines**	
Legal & Gen	50	Cons Gold	44
Lex Service	20	Lonrho	14
Lloyds Bank	[illegible]	Rio T Zinc	56
Lucas Inds	25		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Indian tea industry seeks end to foreign sales curb

BY P. C. MAHANTI IN CALCUTTA AND ANDREW GOWERS IN LONDON

THE INDIAN tea industry yesterday welcomed the Government's decision to scrap its minimum export price for tea as a much-needed boost to flagging foreign sales.

However, industry representatives are now planning to step up their campaign egainst ether official controls.

Today in Calcutta, they will meet Mr B. K. Pribathi, chairman of the Indian Tea Board, to discuss the continuing ceiling on tea exports—fixed for this year at 220m kg—and the official requirement that Indien growers sell 75 per cent ef their produce through local auctions, which the industry argues has contributed to depressed prices.

Meanwhilo in London, the weekly tea auctien reacted calmly yesterday to the news about the ebolition of India's minimum export price. The quetation for medium-grade teas was unchanged from last week at 135p per kg, while low medium varieties rose 3p to 106p.

Brokers reported improved demand, particularly for African teas.

They said the initial impact of the Indian Government decision would be felt within India itself, where local prices are still substantially higher than the world market level—particuarly in the north of the country.

"The north Indian price will have to come back a lot from its current levels before there's a reaction on the world market," said a brokers' spokesman.

Despite its 220m kg export quota, which London brokers describe as generous, India has so far sold very little crush, tear, curl (CTC), its principal variety, this year, and seems unlikely to attain a level of exports approaching thet ceiling, brokers report.

This is mainly a result ef the inflated minimum export price, which enly last week was reduced from Rs26 (159p) per kg to Rs22 for north Indian teas and Rs18 for south Indian varieties.

In the meantime, it has had to keep excess tea within the country, which has been one factor in tho depressed local auction prices in the south, and Sri Lanka and Kenya have made considerable further inroads into India's market.

"They've been building up trouble for themselves by retaining a lot of unseld tea," said a broker. "It must be absolute murder to the local industry's cash flow."

India is reported, however, to have made some sales ef orthodox teas under countertrade arrangements with the Soviet Union.

Meanwhile, reports of the country's crop this year contინue to indicate a harvest well in excess of the 1984 level. By the end of June, the crop totalled 238.4m kg, an increase of nearly 17m kg over last year.

The Sri Lankan crop is also reported to be on e rising trend. Up to the end of April, it totalled 79.1m kg, up 2.4m

Rubber pact calls on members for $80m

By Wong Sulong in Kuala Lumpur

THE KUALA LUMPUR-based International Natural Rubber Organisation (Inro), alarmed at the slida in rubber prices in recent weeks desplte strong buying support by tho buffer stock manager, has called fer an extra 195m ringgit ($80m) from its 33 members, to strengthen its finances.

The latest call-up for funds is the sixth and by far the biggest, since Inro came into existence in October 1981, and comes just before the Inro special council sessien today to consider a price cut for the commodity.

Inro members have so far contributed 700m ringgit, most ef which has gone to the buffer stock manager who has accumulated nearly 340,000 tonnes in his stockpile.

Today's meeting will consider whether te apply ths automatic three per cent cut in the reference price of 208 Malaysian/Singapore cents a kilo now that the stockpile has exceeded the 300,000 tonne mark. The reference price is used to calculate ths floor and ceiling prices, which are currently pegged at 166 and 249 Malaysian/Singapore cents.

● PALM OIL traders, refiners and planters have welcomed major changes to the rules regulating the Knala Lumpur Commodity Exchange (KLCE), reports Reuter.

They said they now look forward to a revival of trade in palm oil futures on the exchange by end-September as pledged by the KLCE after changes were approved at an extraerdinary general meeting on Saturday.

● A SHARP decline in the jute price in Bangladesh has forced farmers to smuggle their goods te India for higher rates and is threatening the country's agriculture-based economy.

Market reports said the price of jute, which accounts for nearly 60 per cent of Bangladesh's annual foreign exchange income, had dropped by almost 50 per cent in the world market in a year and plummeted by almost 70 per cent in local markets.

Farmer's viewpoint: by John Cherrington

Counting my mixed blessings

DURING THE depression of the 1930s farmers were bombarded by a series ef polemics arguing that the depression was partly their own fault and that if enly they changed their foolish ways they would be able to survive.

The title ef one such book is still in my mind. It was "Mixed Farming and Muddled Thinking" and its argument, as I remember it, was that the British farmer should foresake the old rule of thumb abent net putting all his eggs in one basket, and take to specialisation. By this means be could concentrate his efforts en one particular line of farming which would enable him to become a superlative operator on say eggs, pigs, sheep er anything else which would give him an advantage in a most competitive market.

I was never convinced by this argument, and all my life I have muddled along with two or three main lines of activity at the same time. My eggs most definitely are not in one basket, andt his is e fact for which I am very grateful during this dreadful spell ef weather. My main activity over the last few years has heen cereal growing, which, thanks to the beneficient workings of the EEC's commen agricultural policy, has been pretty profitable. Many of my neighbours have dispensed with livestock altogether, bet I have never taken that plunge and although I no longer have a dairy herd, as I did for my first 30 years in farming, I still have sizeable pig and sheep units.

The cows were given up, not because they were unprofitable, but because I gave up the farm on which they were installed and I concentrated on sheep and cereals. After a few menths of non-dairying I found I was having to ask my bank manager fer more and more money to tide over the peried between one harvest and tha next. So I reintroduced a pig herd into my system from which I sell a lead of pigs every week. This pig cheque takes the place ef e milk cheque and altheugh pig profitability is nothing like as secure as thet with cows the cash flow gives me a comforting sense ef solvency which belps te bridge the gap between harvests.

Sheep rearing suffers from the same financial disadvantages as cereals, in that the income is concentrated into two or three months in the summer er autumn. Yon have to wait e leng time between the mating of the flock and significant sales. The behaviour of the sheep flock this year due to the cold spring and early summer made a nonsense of my cash flow planning, and I was forced to borrow from ths bank until I could sell enough lambs and wool to get back on course.

I know there are farmers who borrow happily between harvests, as I did myself when interest rates were reasonable. But I am too old to learn to appreciate the advantages of interest rates as they are today. I can only conclude, naively perhaps, that those who order these affairs are completely ignorant of, or indifferent to, the real facts of economic life.

Sheep are not particularly profitable but they have the edvantage of being able to live on some unploughable land which I farm. I also believe that to introduce a grass break into my rotation which the sheep graze, does make for better subsequent crops. But there is no real scientific evidence of this. Many farmers manage perfectly well withent them. I also like them and if you like something you will probably twist the evidence to justify it.

But at ths mement I am apprecieting both my livestock enterprises. The etrocious weather of the last few weeks has devastated the promised good harvest. My barley and pea crops are flattened to the ground and the wheat is turning a nasty dark colour. Where it has been pushed dewn by the weather I am already finding some of the ears growing vigorous shoots and it will not be leng before the standing wheat will be deing the same. My small acreage of oats, the best stand I have ever grown, has also been knocked right down.

None of the crops bas been irretrievably damaged but quality is suffering and if there should be widespread sprouting none of the grain will be acceptable for malting, milling, export or sale to intervention. It will become feed grain for which there is no support but the livestock farmer, who has been pretty well exploited by high cereal prices latterly and will not be feeling in a very charitable mood. I would not like to put a price on feed grain of that quality.

But my pigs will not know if they are eating first or second quality grain, and the sheep will be quite happy te eat large quantities of my weather stained oats to eke out the dreadful hay I was able to salvage.

The weather has not done irretrievable harm to everyone. There is a lot of grass, particularly in the dairying districts of the West of England, and dairy farmers are desperate for store lambs to eat eff their pasture in the early winter. They flocked to the first big sheep fair of the season at Wilton near Salisbury last week and bid lamb prices to record levels, a fact which will go far to justify my addiction to mixed farming.

Herring rules anger Danish fishermen

By Hilary Barnes in Copenhagen

DANISH FISHERMEN'S leaders are to meet Mr Henning Grove, the Fisheries Minister, today in an attempt to put an end to e situetion which led last week to violent clashes between fishermen and fisheries inspectors.

The fishermen are infuriated by the present regulation limiting to 18 per cent the quantity of herring permitted as a by-catch when they trawl fer brisling, which is used fer conversien to fishmeal.

According to the fishermen, the Nerth Sea is so full of herring that it is impossible te comply with the by-catch regulatien.

The problems have arisen after several years with a ban en all herring fishing in the Nerth Sea, which has led to e rapid increase in herring stocks.

Copper market falls on further stocks rise

BY OUR COMMODITIES EDITOR

ANOTHER big rise in efficial warehouse stocks of copper dented confidence further en the Londen Metal Exchange yesterday, and fuelled a currency-inspired decline in copper prices.

The LME reported that stocks rose last week by 23,825 tonnes to 179,575 tonnes, their highest level in a year. The increase was much higher than the 12,000 tonne rise the market had expected. Once again, the bulk of the increase was accounted fer by an influx of high-grade cathodes into Rotterdam.

Prices, which began the day with three-months higher-grade metal around £1,054 a tonne, dropped to £1,046 et the uneffi cial close, a decline of £18.50 from Friday.

Traders said they de not expect the rise in stocks to continue for much longer et this rate.

News of a threatened strike on Thursday over pay by 17,000 workers et Centromin, Peru's biggest state-owned mining company, could provide the market with some relief by stemming the price decline, they said.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending August 9)
(tonnes)

Aluminium	+ 4,975 to 146,750
Copper	+23,825 to 179,575
Lead	− 125 to 35,050
Nickel	− 198 to 6,564
Tin	+ 1,580 to 28,015
Zinc	+ 2,950 to 26,825
(ounces)	
Silver	+814,000 to 51,850,000

Restrictions ease on Brazil orange juice exports

BY ANNE CHARTERS IN SAO PAULO

ORANGE juice export licences were expected to be issued yesterday following the industry'e agreement late last week to pay Cruzeiros 20,000 (£2.24) per box as stipulated by Cacex, Brazil's trade agency. Cacex had been holding np requests for export licences in an effort to put pressure on erange juice manufacturers to comply with the new price which is an increase of nearly Cr 11,000 above what manufacturers had expected to pay.

The row is by no means settled, however, as the focus of the dispute has now shifted to citrus growers and manufacturers over what the price per box inclndes. The industry wants to discount taxes and freight from the price leaving a Cr 13,000 balance, with Cr 9,000 to be paid to growers new and Cr 4,000 next year.

The growers, nearly 18,000 in the state of Sae Paele, disagree with the discount and are continuing to negotiate individually with manufacturers, although the Agriculture Federatien of Sae Paole State (FAESP), has urged growers not to sign individual contracts. According to Seeor Fabie Meirelles, president of FAESP, the associstien is seeking a meeting with manufacturers in the industry to bring about an agreement mere advantageous to growers.

Meanwhile bundreds of trucks leaded with oranges are making regular deliveries to juice companies for processing even though there has been no agreement en the price per box.

Juice manufacturers agreed late last week te accept the Cacex-set price on exports of enly 605,000 tonnes of erange juice en the condition that the export price remain et a previously agreed U.S.$1,400 per tonne, and that tri-moethly export quotas be rigourously follewed.

The industry previously set export quotas of 140,000 tonnes through September, 135,000 tonnes for the second quarter and 165,000 tonnes each fer the third and fourth quarter of the July-June crop year.

By keeping exports at this level, below the 905,000 tonnes exported in 1984, Brazil expects to strengthen the price in the international market while promoting domestic juice consumption.

From this year's expected harvest, an additional 75,000 tonnes would ferm manufacturers' stocks, and the remainder, a likely 60,000 tonnes, would be sold domestically.

LONDON MARKETS

COFFEE FUTURES prices fell quite sharply in London yesterday but in the absence of significant fundamental news traders attributed the fall mainly te sterling's strength against the dollar. There were also suggestions that the market's recent rally, fellowing the preceding heavy decline, may have been somewhat everdone. The November position ended the day £37 down at £1,690.50 a tonne after slipping to £1,683 a tonne at ene stage.

Cocoa prices also fell, but less sharply. The December positien finished £11.50 down et £1,727.50 a tonne as the currency factor evershadowed continuing cencern abont wet, cool weather in the Brazilian cocoa zone.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Aug 12 1985	+ or −	Month ago
Aluminium	£1100	......	$1050/60
Free Mkt.	$1055/75	+5	£1036.5
Copper			
Cash h Grade	£1021	−22.5	£1047.5
3 mths	£1046	−18.5	£1047.75
Gold Troy oz	$326	+4.25	$316.e
Lead Cash	£300.7e	+3.75	£284.5
3 mths	£298.75	−0.25	£288.75
Nickel			
Free Mkt.	224/246c	−6	225/256c
Palladium oz	$100.1e	+1.25	$93.7e
Platinum oz	$279.75	+1.10	$267.50
Quicksilver†	$281/11	+e.15	$285 296
Silver troy oz	454.50p	+1.25	436.15p
3 months	467.50p	+5.80	448.75p
Tin cash	£9177.5	−70	£9082.5
3 months	£9150.5	−72	£9092.5
Tungsten	$71.88		$72.75
Wolfram 22.4lb	$66/70	......	$56/62
Zinc	£536	−5	£518
3 months	£540	−6.75	£708.5
Producers	$830	......	$830

OILS	Aug. 12 1985	+ or −	Month ago
Coconut (Phil)	$500x	−5	$555
Palm Malayan	$485y	−5	$500
SEEDS			
Copra Phil	$335x	......	‡
Soyabean (U.S.)	$214.75w	−1.25	‡
GRAINS			
Barley Fut. Nov.	£102.00	−0.15	£100.55
Maize	£134.00	−2	£141.00
Wheat Fut. Nov.	£101.85	......	£100.95
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Dec.	£1727.5	+11.5	£1567.5
Coffee Ft. Nov.	£1690.5	−37	£1643
Cotton A Index	57.30c	......	61.60c
Gas Oil Sept.	$229.75	+2.0	$215.75
Rubber (kilo)	63.p	−1	65p
Sugar (raw)	$118x	−2.50	$94.5
Wooltops 64s	435pkilo	......	440pkl.

‡ Unquoted. x Aug-Sept. w Sept. † Per 76 lb flask. c Cents per pound.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	736-7	−13.25	—
3 months	758.5-e	−13.75	758/758

Official closing (am): Cash 738-9 (751-.5), three months 751-.5 (772.5-3), settlement 739 (751.5). Final kerb close: 756.5-7.
Turnover: 26,700 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or −	High/low
Cash	1020.5-1.5	−22.5	1025/1018
3 months	1045.5-6.5	−18.5	1054/1041

Official closing (am): Cash 1022.5-3 (1046-7), three months 1046-5 (1067.5-8), settlement 1023 (1047). Final kerb close: 1042.5-3.

Cathodes			
Cash	995-7	−22.8	—
3 months	1020 3	−17.0	1028/1020

Official closing (am): Cash 995-7 (1016-20), three months 1020-3 (1040-2), settlement 997 (1020).
Turnover: 29,650 tonnes. U.S. Producer prices 66.00-68.00 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	300.5-1	+3.75	300/300
3 months	298.5-e	+e.25	298/296

Official closing (am): Cash 298.5-300 (297-.5), three months 298-.5 (298.5-9), settlement 300 (297.5). Final kerb close: 298.5-9).
Turnover: 5,300 tonnes. U.S. Spot: 19.00 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3580 90	−75.0	—
3 months	3645-50	−74.5	3660/3615

Official closing (am): Cash 3565-75 (3640-50), three months 3630-40 (3705-10), settlement 3575 (3650). Final kerb close: 3610-20.
Turnover: 1,044 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	53e-7	−5.e	—
3 months	539 41	+e.25	544/537

[illegible]

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	e175-80	−70.5	—
3 months	e155-60	−67.5	—

Official close (am): Cash 9178-82 (9235-40), three months 9150-3 (9210-20), settlement 9182 (9240).

Standard			
Cash	e175-80	−70.0	9180/9178
3 months	e150-1	−72.6	9165/9150

Official closing (am): Cash 9178-80 (9235-8), three months 9150-1 (9210-2), settlement 9180 (9238). Final kerb close: 9150-2.
Turnover: 1,910 tonnes. Straits tin $m30.42 (30.32) kilo.

LME prices supplied by Amalgamated Metal Trading

GOLD

Gold rose $4¼ to $325¾-326¼ on the London bullion market yesterday, reflecting the dollar's weakness on the foreign exchanges. The metal opened at $326¾-327¼, and touched a high of $327¼-328¼. It was fixed at $326.60 in the morning and $326.65 in the afternoon, falling to a low of $325½-326.

GOLD BULLION (fine ounce) Aug. 12

Close	$325¾-326¼	(£235¾-237¼)
Opening	$326¾-327¼	(£237-237½)
M'n'g fix.	$326.50	(£237.016)
Aft'n'n fix	$326.65	(£236.661)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$329½ 330¼	(£238¼-238¾)
½ Krug.	$173¼-173¾	(£125¾-126½)
¼ Krug.	$86¼-86¾	(£62¼-62¾)
1/10 Krug.	$35¼-36¾	(£25¾-26½)
Mapleleaf	$336½ 337¼	(£243¼-243¾)
New Sov.	$77¼-78	(£55¾-56¼)
½ New Sov	$46¼-47	(£33½-34)
Old Sov.	$78½-80	(£57-58¼)
$20 Eagle	$480 560	(£347 403)
Noble Plat	$300 303¼	(£217-219¼)

SILVER

Silver was fixed 2.45p an ounce higher for spot delivery in the London bullion market yesterday at 454.5p. U.S. cent equivalents of the fixing level were: spot 627c, up 14.5c; three-month 639.15c, up 15.25c; six-month 652.2c, up 15.35c; and 12-month 681c, up 15.85. The metal opened at 455-458p (627-630c) and closed at 455¼-458¼ (6e1-630c).

SILVER per troy	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	454.50p	+2.45	464p	+3.5
3 months	467.05p	+3.00	466.75p	+4.25

[illegible]

LME—Turnover 78 (17) lots of 10,000 ounces.

INDICES

FINANCIAL TIMES

Aug 9	Aug 8	M'th ago	Year ago
254.60	254.44	268.3e	292.57

(Base: July 1 1952 = 100)

REUTERS

Aug. 12	Aug. 9	M'th ago	Year ago
1699.2	1705.6	1706.6	1673.9

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug. e	Aug. 8	Month ago	Year ago
Spot	114.66	114.68	—	130.07
Fut.	115.26	114.90	—	129.72

(Base: December 31 1974 = 100)

FREIGHT FUTURES

In very quiet conditions values held steady. There was no physical market news of note, reports Clarkson Wolf. The Baltic Freight Index was 717, up 1 point.

	Close	High/Low	Prev
Oct.	834.5/834	834.5/833	830/835
Jan.	900/903	903/900	890/896
April	946/951		940/945
July	873/906	—	860/890
Oct.	940/980	—	920/990
Jan.	920/1005	—	920/101e
April	1000/1050	—	1000/1100
July	876/1000	—	876/925

Turnover: 53.

GRAINS

Wheat saw a short-lived rally of 15p before dropping 30p and then stabilising. Uncertainty over weather conditions was a major factor in condaued nervous trading, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
Sept.	99 20	−0.35	96.40	−0.25
Nov.	101.85	—	102.00	−0.15
Jan	105.70	+0.05	105.70	−0.15
Mar.	108.95	—	108.65	−0.15
May	112.40	—	111.50	−0.10
July	115.00	−0.35	—	—

Business done—Wheat: Sept 99.20-98.80, Nov 102.00-101.60, Jan 105.80-105.50, March 109.1e-108.80, May 112.55-112.40, July 115.00 only. Sales: 224 lots of 100 tonnes. Barley: Sept 96.50-96.40, Nov 102.00 only, Jan 105.80-105.65, March 108.75-108.65, May untraded. Sales 115 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Sept 119.50, Oct 120.25, Nov 123, Dec 124.75 sellers transhipment east coast. U.S. no. 2 soft red winter Sept 105.75, Oct 109.25, Nov 112, Dec 113 sellers. EC spot 115. English feed fob Aug 20/Sept 1e 101.70 paid east coast. Sept 100.50-101.00, Oct 103, Oct/Dec 104.50-105.00 buyer/seller, Jan/March 109.50 sellers east coast. Maize: U.S. no. 3 yellow/French transhipment east coast second-half Aug 134 sellers. Barley: English feed fob Aug 98.50 bid. Sept 99.60 bid. Oct/Dec 105.25-106.00, Jan/March 11e.00 bid east coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 92.60, E. Mids 94.70, Scotland 95.80. The UK monetary coefficient for the week beginning Monday August 19 (based on HGCA calculations using 4 days' exchange rates) is expected to change to 0.986.

RUBBER

The London physical market opened easier feund little support throughout the day and closed neglected [illegible]

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	124.3-124.3	120.2-120.4	124.4-119.4
Dec	128.0-128.4	126.8-124.8	128.0-122.0

[illegible]

COCOA

Futures were locked in a narrow range and in light volume closed near the lows. Some limited consumer interest was noted but producers declined to follow the market lower and were withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
Sept.	1730-1732	−12.5	1735-1729
Dec.	1727-1728	−11.5	1737-1725
Mar.	1736-1738	−13.0	1745-1737
May	1749-1752	−8.5	1755-1748
July	1760-1764	−9.5	1765-1757
Sept.	1770-1775	−11.5	1775
Dec.	1775-1790	−7.5	1800-1790

Sales: 1,722 (3,196) lots of 10 tonnes.
ICCO indicator prices (U.S. cents per pound). Daily price for August 12: 102.62 (101.58); five-day average for August 13: 100.79 (100.26).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 196 tonnes. Fair offtake occurred with renewed interest in Middle Eastern qualities. Occasional support came in West African growths.

COFFEE

Following stronger sterling and a slightly easier New York close, the market opened £20-25 lower, reports Drexel Burnham Lambert. Losses were extended during a quiet afternoon but continued support between £1,680-£1,690, basis November, kept prices steady in moderate volume.

COFFEE	Yesterdy's Close	+ or −	Business Done
Sept.	1643-45	−42.e	1675-40
Nov.	1690-91	−37.0	1714-83
Jan.	1727-30	−38.e	1753-25
March	1753-55	−37.5	1780-53
May	1770-75	−38.0	1795-75
July	1775-1e	−42.5	1805
Sept.	1760-40	−50.e	—

Sales: 2,068 (4,054) lots of 5 tonnes.
ICO indicator prices (U.S. cents per pound) for August 9: Comp. daily 1979 119.09 (116.49); 15-day average 117.33 (117.29).

SUGAR

LONDON DAILY PRICE—Raw sugar $18.00 (£86.00), down $2.50 (down $2.50) a tonne for August-September delivery. White sugar $156.00, down $2.00.

Prices recovered from the pre-weekend sell off but when New York failed to match up the market moved back on to the disensive, reports C. Czarnikow.

(lated basis sugar was £191.00 (£193.60) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for August 9: Daily price 4.32 (4.20); 15-day average 4.15 (4.08).

SOYABEAN MEAL

The market opened £1.00 down on stronger sterling, reports T. G. Roddick. Prices remained within narrow ranges ahead of last night's USDA production report.

	Yesterday close £ per tonne	+ or −	Business Done
August	—	—	—
October	113.8-114.2	−1.30	114.5-114.8
Dec.	117.8-117.2	−1.80	11e.0-117.8
Feb.	121.4-121.9	−1.15	122.5
Apr.	123.0-124.9	−0.75	—
June	123.0-124.8	−1.50	—
August	124.8-128.8	−1.60	—

Sales: 165 (230) lots of 20 tonnes.

OIL

Brent gained 20-25c in all months but eased back about 5c towards the close. This gain was attributed to high prices in the Arab Gulf and to gains on the gas oil futures. Nymex WTI opened 11c up for September and traded 15c up at 1 pm EDT. In the petroleum products market gas oil continued to firm in both North-West Europe and the Mediterranean. This was caused by poor supply and strong short-covering demand in North-West Europe. Fuel oil prices firmed on demand from electrical utilities—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Sept.		
Arab Light	27.30 27.49	+0.05
Arab Heavy	25.15-25.25	—
Dubai	26.05-26.15	+0.125
Brent Blend	26.70-26.80	+0.175
W.T.I. (1pm est)	27.45-27.55	+0.20
Forcados (Nigeria)	27.15-27.30	—
Urals (cif NWE)	26.65-26.15*	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	259-271	−2
Gas Oil	373-238	+1.5
Heavy fuel oil	137-139	+1.5
Naphtha	245-247	—

* August.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or −	Business Done
Aug			
Sep	232.50	+3.50	234.75-29.75
Oct	229.75	+2.50	231.25-27.75
Nov	229.50	+1.75	231.50-28.00
Dec	229.25	+1.95	230.75-28.25
Jan	227.00	−0.50	—

Turnover: 2,442 (737) lots of 100 tonnes.

POTATOES

A weaker physical market and the promise of finer, more settled weather towards the weekend led to a 50-70p drop in quiet trading. Expectations of a PMB plantings announcement following today's rumoured meeting, prevented any direction developing, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	56.50	57.50	57.00-56.50
Feb	64.00	65.00	[illegible]
April	74.00	74.50	[illegible]
May	79.80	80.20	[illegible]

Sales: 117 (40) lots of 40 tonnes.

U.S. MARKETS

GOLD AND SILVER were mixed reflecting light overhead selling and profit-taking, reports Heinold Commodities. Copper weakened on the build-up in London exchange stocks. Sugar firmed on renewed buying by trade on reports of fresh buying interest in the cash markets. Cocoa continued to attract scattered manufacturer purchases as fresh news of new crop development remained lacking. Coffee lost ground as dealer selling emerged. Cotton remained under pressure from expectations of a bearish crop report. Heating oil moved sharply higher as spot demand for crude and for distillate products continued strong while supplies remained tight. Wheat and soyabeans were strong ahead of the Government crop report

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	46.15	—	—	44.85
Sept	46.35	46.40	45.15	45.20
Oct	45.65	—	—	45.50
Dec	46.35	46.40	46.20	46.20
Jan	46.70	—	—	46.55
March	47.35	47.30	47.20	47.20
May	48.05	—	—	47.90
July	48.75	—	—	48.60
Sept	49.45	—	—	49.30
Jan	50.85	—	—	50.70

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2105	2115	2096	2085
Dec	2178	2185	2170	2194
March	2206	221e	2203	2192
May	2229	2231	2225	2213
July	2252	—	—	2236
Sept	2263	—	—	2248
Dec	2290	—	—	2273

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	133.42	134.70	133.31	134.68
Dec	136.05	137.50	136.05	137.58
March	137.19	138.50	137.10	138.52
May	138.28	139.20	138.40	139.60
July	139.40	139.75	139.30	141.25
Sept	138.70	—	—	140.28
Dec	138.00	—	—	139.01

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.31	4.32	3.90	4.17
Oct	4.53	4.55	4.11	4.30
Jan	4.70	4.65	4.40	4.53
March	5.11	5.12	4.75	4.91
May	5.23	5.25	4.92	5.05
July	5.41	5.41	5.07	5.21

[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Sept	27.56	27.57	27.46	27.37
Oct	27.09	27.12	26.96	26.86
Nov	26.79	26.82	26.65	26.50
Dec	26.54	26.54	26.40	26.27
Jan	26.30	26.32	26.20	26.04
Feb	26.10	26.1e	25.97	25.79
March	25.85	25.85	25.70	25.54
April	25.70	25.70	25.70	25.29
May	25.20	25.40	25.20	25.04
June	25.00	25.00	25.00	24.90

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	327.1	328.3	326.5	328.5
Sept	328.9	—	—	330.2
Oct	330.7	331.9	329.5	332.2
Dec	334.7	336.0	333.6	336.3
Feb	339.6	340.e	338.4	340.7
April	343.4	344.2	342.7	345.2
June	348.2	349.5	349.5	350.1
August	353.1	354.6	354.e	355.1
Oct	358.2	—	—	360.3
Dec	363.4	364.3	364.3	365.6
Feb	368.5	—	—	371.1
April	374.3	—	—	376.7
June	380.e	—	—	382.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Sept	74.05	74.1e	73.60	73.11
Oct	74.80	74.90	74.25	73.74
Nov	70.25	75.20	74.75	74.23
Dec	70.80	70.90	75.35	74.88
Jan	76.15	76.25	75.75	75.20
Feb	75.20	75.2?	74.70	74.85
March	72.60	72.60	72.10	71.70
April	70.55	70.55	70.55	69.55
May	69.20	—	—	69.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	132.75	133.20	132.60	132.60
Nov	129.85	129.90	125.25	129.25
Jan	126.35	126.50	126.00	126.25
March	125.75	125.70	125.70	125.50
May	125.15	124.50	124.50	124.80
July	125.15	—	—	124.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
August	282.5	282.0	282.0	281.e
Oct	294.6	297.9	291.0	294.9
Jan	298.4	301.6	296.6	299.e
April	302.9	306.5	301.6	303.6
July	307.0	310.0	309.6	308.6
Oct	313.4	—	—	314.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	630.6	629.0	629.0	628.0
Sept	633.5	636.0	629.0	632.0
Oct	637.5	638.0	635.0	636.4
Dec	646.0	650.6	641.6	644.3
Jan	650.5	—	—	648.8
March	659.1	664.0	655.0	657.2
May	668.e	—	—	666.0
July	677.6	678.5	674.e	675.4
Sept	687.6	698.e	695.5	685.4
Dec	703.2	705.6	702.0	700.7

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.20	60.20	60.20	60.55
Sept	60.45	60.80	60.25	60.80
Oct	60.85	—	—	61.20
Dec	61.60	61.85	61.45	61.95

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

SPOT PRICES [illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb — [illegible]

LIVE HOGS 30,000 lb, cents/lb — [illegible]

MAIZE 5,000 bu min, cents/56lb-bushel — [illegible]

PORK BELLIES 38,000 lb, cents/lb — [illegible]

SOYABEANS 5,000 bu min, cents/60 lb-bushel — [illegible]

SOYABEAN MEAL 100 tons, $/tons — [illegible]

SOYABEAN OIL 60,000 lb, cents/lb — [illegible]

WHEAT 5,000 bu min, cents/60lb-bushel — [illegible]

OTHER MARKETS

PIGMEAT

Strong physical prices stimulated covering on the October and November positions as shorts became keen buyers. Distant positions remained unchanged, reports GCST Commodities.

[illegible]

WHEAT

[illegible]

ROTTERDAM

[illegible]

WOOL FUTURES

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak ahead of figures

The dollar showed some recovery from its early morning lows in subdued foreign exchange trading yesterday, but finished weaker on the day. The tone was set by Mr Henry Kaufman of Salomon Brothers, when he said Friday that the Federal Reserve may ease monetary policy to stimulate a sluggish economy in the U.S. No economic figures were published yesterday, but the market expects only a small rise in today's July retail sales and Thursday's industrial production for the same month. These, coupled with other figures due this week, are expected to indicate the U.S. economy has not shown any marked recovery after a disappointing first half year. Dealers suggested that DM 2.78 is an important resistance level for the dollar, and if it breaches this point the currency may fall quite sharply. Ahead of any new information about the U.S. economy the dollar traded nervously and quietly around the DM 2.80 level.

It fell to DM 2.7975 from DM 2.8315; FFr 8.5525 from FFr 8.625; SwFr 2.3040 from SwFr 2.3445; and Y237.20 from Y238.55. On Bank of England figures the dollar's index fell to 137.1 from 138.3.

STERLING — Trading range against the dollar in 1985 is 1.4290 to 1.0525. July average 1.3783. The exchange rate index rose 0.8 to 81.5. It opened at 81.3, and fell to a low of 81.1 at 10.00 am, before rising to a peak of 81.7 after lunch.

Recent indications that London interest rates are not set to fall, and there will be no early reduction in clearing bank base rates, lent support to sterling yesterday. The correction to the pound's value, after its recent reversal, was also aided by further nervousness surrounding the dollar. Sterling gained 2½ cents to $1.3830-1.3840, after touching a peak of $1.3870. The pound also rose to DM 3.8675 from DM 3.8375; FFr 11.82 from FFr 11.7475; SwFr 3.1850 from SwFr 3.1750; and Y328 from Y323.25.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8055. July average 2.9134. Exchange rate index 128.3 against 119.1 six months ago.

The D-mark improved against the dollar in Frankfurt yesterday, but found support below DM 2.80, as dealers became wary of taking out positions ahead of this week's economic data from the U.S. After an initial flurry, when the U.S. currency declined, as a result of weakness in the Far East and in New York on Friday, trading was very quiet.

Interest rates were steady on the German money market, despite a drain of liquidity through an expiring securities repurchase agreement of DM 10.7bn, replaced by only DM 4.3bn in new money under a similar pact. Opinions were divided about a possible cut in the Bundesbank's lending rates at this week's council meeting. The central bank did not intervene when the dollar fell to DM 2.7984 from DM 2.8313 at the Frankfurt fixing. At the close the dollar was quoted at DM 2.7985 compared with DM 2.83825 previously.

STERLING INDEX

	Aug 12	Previous
8.30 am	81.3	80.8
9.00 am	81.2	80.7
10.00 am	81.1	80.8
11.00 am	81.5	80.8
Noon	81.5	80.7
1.00 pm	81.7	80.7
2.00 pm	81.7	80.7
3.00 pm	81.5	80.5
4.00 pm	81.5	80.7

£ IN NEW YORK

	Aug. 12	Prev. close
£ Spot	$1.3780-1.3790	$1.3700-1.3710
1 month	0.46-0.43pm	0.42-0.41 pm
3 months	1.15-1.11pm	1.12-1.09 pm
12 months	2.85-2.75pm	2.70-2.60 pm

Forward premiums and discounts apply to the U.S. dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.9879	+0.35	+0.79	±1.5425
Danish Krone	8.12857	8.04231	−1.06	−5.62	±1.6421
German D-mark	2.23840	2.22586	−0.56	−0.12	±1.1455
French Franc	6.86402	6.80685	−0.84	−0.40	±1.3654
Dutch Guilder	2.52208	2.50194	−0.80	−6.36	±1.5162
Irish Punt	0.724578	0.713366	−1.55	−1.11	±1.6673
Italian Lira	1520.60	1494.18	−1.74	−1.74	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

August 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3695-1.3870	1.3830-1.3840	0.46-0.46c pm	3.95	1.14-1.10pm	3.24
Canada	1.8680-1.8830	1.8792-1.8826	0.46-0.41c pm	2.84	1.09-0.96pm	2.18
Nethlnd.	4.31-4.35¾	4.34½-4.35½	2⅞-2c pm	5.86	5⅞-5⅛pm	5.23
Belgium	77.62-79.25	79.15-79.25	2-9c dis	−0.83	35-18pm	1.34
Denmark	13.89¾-13.99¾	13.97-13.98	3½-2½ore pm	2.58	8⅛-7⅛pm	2.18
Ireland	1.2361-1.2438	1.2361-1.2371	0.20-0.06p pm	1.26	0.47-0.28pm	1.15
W. Ger.	3.84-3.87¾	3.86¼-3.87¼	6½-2¾pf pm	7.36	6⅞-6⅛pm	6.62
Portugal	225.50-231.65	228.65-229.65	60-410c dis	−12.36	425-1465d	−19.57
Spain	226.20-228.14	227.62-228.14	25-140c dis	−4.34	155-440dis	−5.22
Italy	2,573¾-2,601	2,597-2,599	par-6lira dis	−1.39	8-17dis	−1.92
Norway	11.32¾-11.43¾	11.41-11.42	¾-1⅝ore dis	−0.33	2⅝-3⅝dis	−1.12
France	11.73¾-11.84¾	11.81½-11.82½	¾c pm-⅛dis	5.06	2⅜-5dis	−1.27
Sweden	11.41½-11.52	11.51-11.52	3⅞-4⅞ore dis	−4.38	10-10¾dis	−6.80
Japan	325½-328½	327½-328½	1.60-1.50y pm	5.67	4.15-4.00pm	4.97
Austria	27.01-27.25	27.18-27.24	14¾-13¾gro pm	6.20	36½-35½pm	5.50
Switz.	3.17-3.19½	3.18-3.19	2⅞-1⅞c pm	7.92	5⅞-5pm	6.50

Belgian rate is for convertible francs. Financial franc 79.05-79.20. Six-month forward dollar 1.92-1.87cpm. 12-month 2.90-2.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3695-1.3870	1.3830-1.3840	0.48-0.46c pm	3.95	1.14-1.10pm	3.24
Ireland†	1.1110-1.1160	1.1144-1.1152	0.30-0.20c pm	2.69	0.65-0.50pm	2.00
Canada	1.3575-1.3602	1.3590-1.3580	0.11-0.14c dis	−1.10	0.34-0.39dis	−1.07
Nethlnd.	3.1380-3.1550	3.1455-3.1465	0.51-0.48c pm	1.91	1.63-1.60pm	2.05
Belgium	56.46½-56.72	56.50-56.60	7-11c dis	−1.91	23-30dis	−1.87
Denmark	10.08¾-10.14½	10.10¾-10.11½	¾-1ore dis	−0.89	1-1½dis	−0.49
W. Ger.	2.7900-2.8056	2.7970-2.7980	0.85-0.80pf pm	3.54	2.35-2.30pm	3.32
Portugal	166½-168	166½-167½	100-350cdis	−10.12	450-1200d	−19.70
Spain	164.50-165.05	164.90-165.00	75-175c dis	−8.10	250-450dis	−6.49
Italy	1,870-1,881½	1,878¾-1,879¾	8½-10lire dis	−5.91	25-27dis	−5.84
Norway	8.23½-8.27¾	8.25¾-8.26¾	3¾-3⅞ore dis	−5.09	9-9½dis	−4.48
France	8.53½-8.57¾	8.55-8.55½	2⅞-3⅞c dis	−4.21	9-10½dis	−4.56
Sweden	8.30-8.34	8.33-8.33½	5⅞-5⅞ore dis	−7.84	14⅞-14⅞dis	−6.97
Japan	237.05-237.55	237.15-237.25	0.37-0.33y pm	1.77	1.00-0.96pm	1.64
Austria	19.62½-19.70¾	19.67-19.69	4½-4gro pm	2.59	12½-10pm	2.29
Switz.	2.3000-2.3170	2.3035-2.3045	0.75-0.70c pm	3.78	1.96-1.90pm	3.34

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.15-57.25.

OTHER CURRENCIES

Aug. 12	£	$		£ Note Rates
Argentina Austl.	1.1034-1.1046	0.8000-0.8015	Austria	26.90-27.20
Australia Dollar	1.9300-1.9340	1.3965-1.3978	Belgium	78.40-79.20
Brazil Cruzeiro	0.067-0.108	6,580-6,600	Denmark	13.86-14.00
Finland Markka	8.1915-8.2115	5.9430-5.9450	France	11.75-11.90
Greek Drachma	179.15-182.75	130.25-132.85	Germany	3.84½-3.88½
HongKong Dollar	10.7100-10.7160	7.7795-7.7815	Italy	2560-2610
Iran Rial	189.50*	89.25*	Japan	326-330
KuwaitDinar(KD)	0.4164-0.4168	0.30210-0.30228	Netherlands	4.32-4.36
LuxembourgFr	78.15-78.25	56.50-56.60	Norway	11.32-11.43
Malaysia Ringgit	3.3800-3.3876	2.4575-2.4595	Portugal	223-235
NewZealand Dlr.	2.5400-2.5475	1.8320-1.8355	Spain	219-228
Saudi Arab Riyal	5.0318-5.0350	3.6502-3.6507	Sweden	11.41-11.52
Singapore Dollar	3.0200-3.0300	2.1950-2.1970	Switzerland	3.16-3.19
Sth African Rand	2.8600-2.8800	2.0705-2.0790	United States	1.37-1.39
U.A.E. Dirham	5.0618-5.0668	3.6720-3.6730	Yugoslavia	360-400

* Selling rate.

CURRENCY MOVEMENTS

Aug. 12	Bank of England Index	Morgan Guaranty Change %
Sterling	81.5	−8.5
U.S. dollar	137.1	+24.0
Canadian dollar	86.1	−7.5
Austrian schilling	115.7	+4.7
Belgian franc	81.2	−10.2
Danish Kroner	80.1	−4.5
Deutsche mark	128.5	+8.7
Swiss franc	148.1	+11.9
Guilder	115.4	+4.8
French franc	87.5	−15.8
Lira	44.3	−20.1
Yen	157.5	+13.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.748488	0.575836
U.S.$	7½	1.05194	0.795402
Canadian $	0.33	*	1.08018
Austria Sch.	4½	20.2979	15.6287
Belgian Fr	10	58.4491	44.9879
Danish Kr	7	10.4407	8.04231
D mark	4½	2.88776	2.22585
Guilder	5½	3.25115	2.50194
French Fr	9½	8.83857	6.80655
Lira	15½	1938.76	1494.18
Yen	5	244.931	188.805
Norway Kr	8	8.53956	6.56326
Span'h Pta	—	169.857	131.043
Swedish Kr	10½	8.59038	6.61496
Swiss Fr	4	2.38295	1.83436
Greek Dr'ch	20½	136.144	104.476
Irish Punt	13½	0.925507	0.713366

*C$/SDR rate for August 9: 1.39709.

EXCHANGE CROSS RATES

Aug. 12	Pound St'ling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild.	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.384	3.868	328.0	11.82	3.185	4.350	2598.	1.881	78.20
U.S. Dollar	0.723	1.	2.798	237.2	8.553	2.304	3.146	1879	1.360	56.55
Deutschemark	0.259	0.358	1.	84.81	3.056	0.824	1.125	671.8	0.480	20.22
Japanese Yen 1,000	3.049	4.218	11.79	1000.	36.04	9.710	13.26	7921.	5.734	238.4
French Franc 10	0.846	1.170	3.272	277.0	10.	2.695	3.680	2198.	1.581	66.10
Swiss Franc	0.314	0.434	1.214	103.0	3.711	1.	1.366	815.7	0.591	24.55
Dutch Guilder	0.230	0.318	0.889	75.40	2.717	0.732	1.	597.2	0.432	17.98
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 7⅝-7¾ per cent; seven days 7¾-7⅞ per cent; one month 7⅞-7⅞ per cent; three months 8-8⅛ per cent; six months 8⅛-8¼ per cent; one year 8⅜-8½ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10¼-10⅜ per cent; four years 10½-10⅝ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollar and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Firmer trend

Prices were mostly higher in the London International Financial Futures Exchange yesterday amid speculation that U.S. economic growth was likely to be sluggish in the second half of this year. This followed comments late on Friday by Mr Henry Kaufman, of Salomon Brothers suggesting lower U.S. interest rates and slower-than-expected economic growth. Consequently U.S. bond futures opened higher and were well bid during the morning.

Some of the day's gains were eroded in the afternoon however following profit taking stemming mainly from the U.S. Euro-dollar prices followed much the same pattern, slipping during the afternoon on renewed selling and some concern over the possibility of a further fall in the value of the dollar.

Sterling-based instruments were higher, helped by sterling's stronger performance and renewed hopes of an early cut in UK base rates. The improvement in gilts was rather short lived however with a stronger start failing to attract any follow through despite encouraging inflation figures. Dealers suggested some technical resistance as yields approached a comparatively unattractive level. Short sterling contracts managed to hold on to much of the day's gains again on base rate hopes.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	91.98	92.03	91.97	91.91
Dec	91.60	91.67	91.60	91.52
March	91.20	91.26	91.20	91.10
June	90.82	90.88	90.82	90.71
Sept	90.46	90.45	90.45	90.35

Est. volume 5,229 (4,224)
Previous day's open int. 20,224 (20,149)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.87	89.00	88.83	88.80
Dec	89.62	89.67	89.60	89.53
March	89.82	89.86	89.81	89.76
June	89.91	89.96	89.90	89.76
Sept	89.78	89.82	89.80	89.79

Est. volume 1,714 (675)
Previous day's open int. 7,542 (6,806)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-13	112-25	112-10	112-05
Dec	112-18	112-21	112-21	112-10
March	113-02	—	—	112-28

Est. volume 2,595 (1,765)
Previous day's open int. 3,889 (3,925)
Basis quote (clean cash price of 13¼% Treasury 2004/08 equivalent price of near futures contract) 15 to 6 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	137.25	138.20	137.05	135.00
Dec	136.20	136.80	136.15	133.95
March	135.60	—	—	133.35

Est. volume 283 (83)
Previous day's open int. 3,157 (3,012)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3577	0.3588	0.3577	0.3535
Dec	0.3609	—	—	0.3567

Est. volume 118 (20)
Previous day's open int. 282 (281)

SWISS FRANCS

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	76-14	76-25	76-10	76-16
Dec	75-16	75-20	75-10	75-08
March	74-12	—	—	74.08

Est. volume 2,116 (3,141)
Previous day's open int. 2,994 (2,894)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	76-16	76-25	76-16	76-13
Dec	75-09	75-21	75-07	75-09
March	74-08	74-22	74-08	74-08
June	73-12	73-22	73-11	73-11
Sept	—	72-27	72-16	72-16
Dec	—	—	—	71-23
March	—	—	—	71-00
June	—	—	—	70-11
Sept	—	—	—	—
Dec	—	—	—	69-08
March	—	—	—	68-22

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.89	92.92	92.87	92.88
Dec	92.59	92.64	92.58	92.55
March	92.25	92.29	92.25	92.21
June	—	91.96	91.93	91.87
Sept	91.62	91.67	91.62	91.58
Dec	—	91.36	91.35	91.28
March	91.11	91.11	—	91.03
June	90.82	90.82	—	90.78

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.35	92.34	92.28	92.25
Dec	91.92	92.00	91.92	91.87
March	—	—	—	91.44
June	—	—	—	91.05

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	91.95	92.03	91.94	91.93
Dec	91.57	91.66	91.57	91.54
March	—	91.25	91.18	91.12

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 $ per £
Good volume as dollar fell on possible cuts in U.S. discount rate.

Est volume Calls	Puts	Previous day's open interest Calls	Puts
726	501	9290	5889

Eurodollar Future—points of 100%
Quiet volume registered in a very narrow trading range.

Est volume Calls	Puts	Previous day's open interest Calls	Puts
130	20	914	1143

For full details of settlement prices call:
Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Company Notices

INTERFIRST TEXAS FINANCE N.V.

US$100,000,000

Guaranteed Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three months period August 13th, 1985 to November 13th, 1985 the Notes will carry a Rate of Interest of 8¼% per annum with a Coupon Amount of US$210.83.

Agent Bank
CHEMICAL BANK

Clubs

ITO-YOKADO CO LTD (CDRs)
Referring to the advertisement of June 19th, 1985 the undersigned announces that as from 14th August, 1985 bonus dividend no. 27 of CDRs Ito-Yokado Co., Ltd. will be payable in cash with U.S.$51.66 per CDR repr. 5 Dep.Shs. of 10 Shs.; U.S.$516.60 per CDR repr. 50 Dep.Shs. at 10 Shs. and with U.S.$1,033.20 per CDR repr. 100 Dep.Shs. of 10 shs. at Kas-Associatie N.V., Spuistraat 172, Amsterdam.
Amsterdam, 8th August, 1985.
AMSTERDAM DEPOSITARY COMPANY NV

U.S.$ 20,000,000

Central-European International Bank Ltd.
(Incorporated as a joint stock company in Hungary)

Floating Rate Notes 1990
Extendable at the Noteholder's option to August 1992 and thereafter to August 1994

In accordance with the provisions of the Agent Bank Agreement between Central-European International Bank Ltd. and Arab Banking Corporation — Daus & Co. GmbH dated July 17th, 1984, notice is hereby given that the Rate of Interest has been fixed at 8¾% p.a. and that the interest payable on the relevant Interest Payment Date, February 13, 1986 against Coupon No. 3 in respect of U.S.$ 10,000 nominal amount of Notes will be U.S.$ 440.83 and in respect of U.S.$ 25,000 nominal amount of Notes will be U.S.$ 1,102.08.

London, August 13, 1985

By: Arab Banking Corporation — Daus & Co. GmbH, Agent Bank

MONEY MARKETS

UK rates slightly easier

Interest rates were a little lower where changed in London yesterday, helped by a firmer pound and renewed hopes of lower U.S. interest rates. Sentiment was also influenced by a revision in UK producer prices in June although the July fall in input prices was not as large as had been hoped for. Three-month interbank money was quoted at 11⅝-11½ per cent compared with 11⅞-11⅝ per cent while three-month eligible bank bills were bid at 10⅞ per cent compared with 11⅛-11⅛ per cent. Overnight interbank money traded between 11 per cent and 13 per cent.

UK clearing banks base-lending rate 11½ per cent since July 30.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,108m and the unwinding of previous sale and repurchase agreements a further £285m. These were partly offset by Exchequer transactions adding £270m and a fall in the note circulation of £305m. In addition banks brought forward balances £30m above target.

The Bank gave help in the morning of £189m, having revised the forecast to a shortage of £750m. The morning help comprised purchases of £2m of eligible bank bills in band 1 (up to 14 days) at 11⅜ per cent, £183m in band 2 (15-33 days) at 11⅜ per cent, £2m in band 3 (34-63 days) at 11¼ per cent and £2m in band 4 (64-91 days) at 11⅜ per cent.

In the afternoon the Bank gave assistance of £372m and this was made up of purchases of £258m of eligible bank bills in band 2 at 11⅜ per cent and in band 3 £10m of Treasury bills and £100m of eligible bank bills all at 11¼ per cent. In band 4 it bought £4m of eligible bank bills at 11⅜ per cent. Late assistance came to £135m, making a total of £696m. The rate applicable to the Bank's latest temporary refunding facility on one month money was 11⅝ per cent.

MONEY RATES

Aug. 10	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.7-4.8	9⅝	3⅛-3⅜	5½-5⅞	6.15625	14⅝-14¾	8.10	11¼-11½
One Month	4.70-4.80	9⅛-9⅜	4¼-4⅜	5-5⅛	6.34375	13⅞-14¼	9-9¼	10⅝-10⅞
Two Months	4.70-4.85	9¼-9⅜	—	—	—	—	—	10½-10¾
Three Months	4.70-4.85	9⅛-9⅜	4⅛-4⅜	5⅞-6	6.34375	14¼-14⅝	9⅛-9¼	10⅜-10⅝
Six Months	4.75-4.90	9⅛-9⅜	—	5⅞-6	—	—	9⅛-9⅜	10¼-10½
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅛	—	6⅛	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 12 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-13	11½	11½-11¾	10½-11¾	—	—	—	—	—
2 days notice	—	—	11⅜-11½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11¾	11⅜-11½	11¾	11⅝-11½	—	—	—	—	—
One month	11⅝-11½	11⅝-11½	11⅝	11¾	11⅝	11⅛	11⅞	11⅛	11⅛	11⅞
Two months	11½-11⅜	11⅞-11⅝	11⅞	11⅝	11	11⅛	11	11⅛-11⅞	11⅛-11⅛	11⅞
Three months	11¼-11⅛	11⅝-11½	11⅜	11⅝	10¾	11⅛	10⅞	10⅞	10⅞	11⅞
Six months	10⅞-10⅞	11⅛-11¼	11¼	—	—	—	—	10⅛	10⅛-10⅞	11⅛
Nine months	10¾-10⅞	11-11⅛	11	—	—	—	—	—	—	—
One year	10⅛-10⅞	10⅞-11⅛	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼-12	—	11⅝	7.75-7.85	7⅝-7⅞	9-9⅛
Two months	12-11¾	—	11⅝	7.75-7.85	7⅛-7⅛	9⅛-9⅛
Three months	11¾-11½	—	11⅛	7.7-7.8	7¾-8	9⅛-9¼
Six months	11⅛-11¼	—	11¼	8.0-8.1	7⅞-8⅛	9⅛-9¼
Nine months	11⅛-11⅛	—	11⅛	8.3-8.4	—	—
One year	11⅛-10⅞	—	11⅛	8.45-8.55	8⅛-8⅛	9⅛-9¼
Two years	—	11	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.869 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1, 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.9568 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11 per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10¼ per cent from July 29. Deposits held under Series 5 10¾ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 12)

Three months U.S. dollars	
bid 7 15/16	offer 8 1/16

Six months U.S. dollars	
bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⅞
Fed funds at intervention	—

Treasury Bills

One month	6.65
Two month	7.00
Three month	7.35
Six month	7.76
One year	8.07

Treasury Bonds

Two year	8.86
Three year	6.33
Four year	9.64
Five year	8.87
Seven year	10.27
10 year	10.40
30 year	10.64

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on August 12, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.4660
Algeria	Dinar	(A)7.30
Andorra	French Franc	11.82
	Spanish Peseta	227.88
Angola	Kwanza	30.2576
Greenland	Danish Kroner	13.0750
Grenada	E. Caribbean $	3.79
Guadaloupe	Local Franc	11.82
Guam	U.S. $	1.3855
Guatemala	Quetzal	1.3855
Guinea	Syli	33.29
Peru	Sol	exc(A)13,220.1
Philippines	Philippine Peso	24.50
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.5438
Poland	Zloty	205.77

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral=1,000 old pesos.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	99	Exch. 12¼pc 1985	100	...	12.23	11.06
101	99	Exch. 11½pc '86	100	...	11.70	10.84
99	97	Treas. 10pcCnv 1986	99	+	10.06	10.91
95	92¾	Treas 3pc 1986	95	+	3.14	9.27
100	97½	Exch. 10½pc Cv '86	99	+	10.53	10.83
101	99	Treas 12pc 1986	100		11.90	10.78
98	96	Treas 8¼pc 1984-86‡‡	98	...	8.66	10.68
105	102	Exch. 14pc 1986	103	+	13.53	10.75
93	87	Exch. 2½pc 1986	93	+	2.67	7.88

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ▲ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish Stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	.....	Arnott	180	.....
Craig & Rose £1	700	.....	CPI Hldgs.	56	.....
Finlay Pkg. 5p	61	.....	Carroll Inds.	145	.....
Higsons Brew	235	.....	Dublin Gas	70	.....
Holt (Jos) 25p	720	.....	Hall (R. & H.)	57	.....
IoM Stm. £1	83	.....	Heiton Hldgs.	19	.....
IRISH			Irish Ropes	46	.....
Fund 12¼% 1988	£101¼	+⅛	Jacob (W.& R.)	80	.....
Nat. 9¾% 84/89	£97¾	.....	Unidare	85½xd	−1½
Fin. 13% 97/02	£110⅛				

"Recent Issues" and "Rights" Page 22
(International Edition Page 26)

MARKET REPORT

Stronger pound stimulates Gilts and equities follow
Britoil new shares start well

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

The renewed strength of sterling against the dollar encouraged o revival in Government securities which eventually imparted a brighter tone to leading shares in London yesterday. Fresh overseas and domestie demand for Gilt-edged stocks enabled the authorities to sell the last of the £200m tranche of Exchequer 9¾ per cent 1998, at 95¾, and later in the day announce new funding; £800m of Treasury 9¾ per cent 2002 is to be issued by tender at a minimum price of £96, payable £25 on application with the balance due early next month.

Gilt-edged trading was suspended after the news and when resumed after-hours maturities in the area of the new stock were quoted lower than their 3.30 pm levels. These stocks eventually picked op hut failed to match their earlier high points. Remaining Gilts held elose to the best and some medium life issues displayed gains ranging to ¾. The shorts achieved rises of $\frac{1}{16}$ in places as hopes of lower interest rates were rekindled by the stronger pound. Index-linked stocks olso improved, despite forecasts that the UK rate of inflation would fall to 3 per eent within the lifetime of the present Government.

Equity market interest centred initially on Britoil and the start of dealings in the new 100p-paid shares. The opening premium of around 23p was slightly below some optimistie forecasts hut turnover eventually exceeded most expectations. Small sales from stags were easily absorbed and the price hardened to 124p before easing to 120p and settling at 122p. For such a large issue, the first day's price fluctuation was considered relatively modest. Britoil old shares suffered from switching operations and reacted to elose at 202p, down 12 after allowing for the dividend deduction.

International stocks were neglected because of the strong pound but most sector leaders improved after a cautious opening. Slightly better-than-expected producer prices and retail sales, both for July, gave sentiment a boost but market activity generally for the opening session of an extended trading Account was rather low. Six constituent stocks of the FT Ordinary share index were qooted ex-dividend and the deductions took a toll on the measure. After opening 3.5 down, the index recovered to close a net 4.7 up on the session at 964.2.

Composites mixed

Composite Insurances were undecided abead of the interim dividend season. Commercial Union, the first to report half-year figures tomorrow, cheapened 3 to 218p, while General Accident, scheduled to disclose results on Thursday, softened a couple of pence to 653p. Sun Alliance, however, firmed 5 to 502p and Royals added 3 at 680p; the latter's first-half figures are due on Friday.

NatWest, a dull market since the disappointing interim results, rallied 13 to 633p xd.

Aberdeen Steak Houses staged a successful debut io the Unlisted Securities Market; the shares, placed at 67p, opened at 69p and touched 75p before closing at 73p.

Leading Building issues attracted light support. Costain rose 6 to 444p, while Press comment highlighting the group's recovery potential directed attention towards Barratt Developments, up 4 at 82p. The absence of any news conceerning the possible sale of St Piran's 78.7 per cent holding in the company clipped 5 more from Milbury, at 25p. Ruberoid continued to benefit from the decision to liquidate its Camrex subsidiaries and rose 10 further to 163p, while USM-quoted Exeter Building gained the same amount to 147p in reply to good interim results. Press comment suggesting and eventual bid from Adelaide Steamship excited Meyer International which put on 6 to 147p and favourable comment boosted Attwoods 4 to 96p.

Among Chemicals, Hickson International firmed 5 to 393p ahead of the interim figures expected on August 19, while USM-quoted Allida Holdings 13 to 248p following newsletter comment.

S. R. Gent wanted

As on Friday, excitement in Retailers was usually provided by secondary issues. Owen Owen, buoyant of late amid persistent takeover speculation, hardened 10 more to 360p on confirmation that USM-quoted Clayform Properties 9 up at 167p has acquired 11.6 per cent of the equity. Liberty, another recent high-flier, ignored "take-profits" advice to close 10 to the good at 800p with the non-voting shares 20 higher at 600p. Marks and Spencer supplier S. R. Gent took Friday's rally a stage further, gaining 12 to 90p with the aid of "call" option business. Buyers also showed revived enthusiasm for A. Goldberg, 3 dearer at 68p, after a new 1985 high of 70p, and for J. Hepworth which put on 5 to 237p, also a 1985 high; the latter following publicity given to its expansion into domestic furnishings. Jewellers Asprey rose 1½ to £11½ on satisfaction with the increased full-year profits and proposed 2-for-1 scrip issue.

STC remained a friendless market in Electricals, falling to a 1984 low of 84p prior to closing 4 down at 88p following comment on the poor interim results. Thorn EMI, however, advanced 13½ more to 357p in reply to a week-end Press report resurrecting takeover possibilities. Racal put on 6 to 162p and GEC appreciated 4 ot 192p. Elsewhere, Cass Group jumped 25 to 205p awaiting further news of the bid approach, while Press-inspired improvements of around 5 were seen in Security Centres, at 120p, and Rotaflex, at 165p. Demand ahead of Thursday's trading statement and news of a subsidiary's contract left Stone International 8 higher at 162p, while BSR hardened 2 to 75p, after 78p, in anticipation of today's interim figures.

Several firm features emerged among secondary Engineerings. Clayton were outstanding and rose 24 to a 1985 peak of 142p following persistent speculative buying in a thin market, while Thomas Robinson gained 4 to 101p in reply to Press comment. Buyers showed fresh enthusiasm for Habit Precision on takeover hopes and the close was 5 higher at 67p, while Davy Corporation finished 6½ to the good at 109p xd. Mitchell Somers found support at 70p, up 6 and improvements of 3 and 4 respectively were seen in Spencer Clark, 48p, and McKechnie, 124p. Among the leaders, GKN rose 7 to 223p following confirmation of the completed sale of six subsidiaries to F. H. Tomkins for £10.7m; FHT closed a fraction dearer at at 201p xd.

Buyers reappeared for selected leading Foods. Tate and Lyle firmed 5 to 448p, while Rowntree Mackintosh gained the same amount to 398p on renewed overseas support. Among Retailers, Tesco edged up 3 to 263p and Associated Dairies firmed 4 to 146p, while current takeover favourite Kwik Save hardened a couple of pence more to 218p; suggested bidders Argyll rose 5 to 315p.

Grand Metropolitan touched 315p prior to elosing a net 9 op at 313p following details of the group's latest U.S. expansion—the £284m acquisition of Pearle Health Services, an eye care products concern.

j,tuadEryt-ra7},fzrRr2a sh sh sh

Christie-Tyler soar

Furniture manufacturers Christie-Tyler provided an outstanding feature in miscellaneous industrials, jumping 29 to 78p, after 80p, on news of a bid approach. Parkfield advanced 11 to 108p in response to an investment recommendation, and Brown and Jackson gained 5 to 18p for the same reason. Persistent buying in a restricted market lifted Hawtal Whiting 30 to 390p, while Ashley Industrial Trust rose 5 more for a two-day jump of 12 to 34p as takeover speculation intensified in the wake of Mr Robert Stephens' acquisition last week of a near-30 per cent stake.

DRG, mooted as a likely takeover target for Bunzl, attracted a fresh bout of speculative interest and rose 7 more to 197p. Among advertising and associated counters, Addison Page hardened 5 to 200p following Press comment.

Publicity given to brokers' bullish views of market prospects gave a fresh boost to the Property sector and the leaders displayed useful gains. MEPC were outstanding at 291p, up 10, while British Land continued to reflect a "chart buy" signal and put oo 7 more to 158p. Land Securities moved up 5 to 298p and Haslemere Estates firmed 6 to 488p. Elsewhere, Daejan attracted fresh buying interest and advanced 30 to 460p, while Grosvenor Square Properties gianed 10 to 105p in reply to the satisfactory annual results. Teps Estates found support in a restricted market and rose 23½ to 230p xd.

Shell lower

Proceedings in Oils were dominated hy Britoil. Consequently the oil majors suffered and Shell, which revealed disappointing second-quarter figures last week, drifted off to close 10 down at 675p, but Enterprise attracted scattered support and firmed 4 to 176p. Elsewhere, speculative counter Falcon Resources put on 7 to 75p, after 78p, while Bryson hardened a couple of pence to 70p following a U.S. drilling report.

Golds up again

South African mining markets continued to rally. The spur was a much better performance hy bullion, which traded up to $328 before closing $4.25 higher on balance at $326 per oz, together with the Rand's encouraging showing against the dollar. The latter was aided by the possibility that Pretoria will reveal substantial reforms in its apartheid policy to placate the U.S. Congress which is pressing for economic sanctions against the Republic.

Strong at the outset, the sharemarket maintained momentum throughout the day. Although selected issues drifted from the best levels following slightly easier indications from Wall Street, gains were often of sizable proportions. Vaal Reefs led the way in top-quality Golds, rising almost four points to £59¼ xd, while Winkelhaak added 2 to £17¼. Southvaal put on 1½ more to £26¾ xd. Among the smaller-priced and more marginal issues, Durban Deep spurted 128 to 876. The FT Gold Mines index rose 11.9 points to 349.1.

Financials mirrored Golds with Amgold 1¾ dearer at £56¼ and Minorco 50 to the good at 600p. De Beers attracted fresh support and advanced 16 to 378p, while "Anamint" firmed 1¼ more to £39. London-registered issues also gained ground. Consolidated Gold Fields improved 10 to 440p, while RTZ, aided by publicity given to a mildly bullish circular from brokers Hoare Govett, added a like amount at 565p.

Australian Golds also had a good day. Reports of foreign operators switching out of South African issues stimulated Sydney and Melbourne markets which displayed useful gains. Central Norseman, 488p, and Gold Mines of Kalgoorlie, 570p, rose 10 and 12 respectively, while Poseidon hardened a few pence to 220p. Junior diamond explorer Afro-West rose 1¾ to 11½p following press mention.

Activity in Traded Options remained disappointing. Total contracts struck amounted to 5,799—3,342 calls and 2,457 puts. A lively two-way business developed in Grand Metropolitan, however, which attracted 328 calls and 400 puts, the latter evenly split between the January 300's and January 330's. Consolidated Gold Fields also met with steady support, reflecting the rally in Gold shares.

FINANCIAL TIMES STOCK INDICES

	Aug. 12	Aug. 9	Aug. 8	Aug. 7	Aug. 6	Aug. 5	year ago
Government Secs	83.71	83.39	83.41	83.12	82.96	82.96	79.93
Fixed Interest	88.58	88.44	88.47	88.29	88.22	88.24	82.86
Ordinary ♥	964.2	959.5	958.0	956.7	956.1	943.9	840.5
Gold Mines	349.1	337.2	338.3	310.6	298.1	309.2	543.6
Ord. Div. Yield	4.85	4.87	4.88	4.87	4.89	4.96	4.98
Earnings, Yld. %(full)	11.96	11.99	12.04	12.05	12.08	12.11	11.58
P/E Ratio (net) (*)	10.32	10.29	10.25	10.25	10.21	10.18	10.37
Total bargains (Est.)	21,386	20,052	15,923	18,523	19,717	16,514	19,985
Equity turnover £m.	—	364.05	365.8	313.41	389.61	366.26	281.35
Equity bargains	—	17,885	15,986	14,791	16,415	18,235	19,881
Shares traded (ml)	—	182.8	201.2	166.0	172.0	—	147.1

♥ 10 am 958.0 11 am 958.4. Noon 960.7. 1 pm 962.1. 2 pm 963.0. 3 pm 963.2. 4 pm 963.8.

Day's High 964.2. Day's Low 955.0.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.94.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.87 (30/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.74 (30/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1084.5 (22/1)	911.0 (25/7)	1094.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	298.1 (6/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Aug. 9	Aug. 8
Daily Gilt Edged Bargains	132.1	133.4
Equities Bargains	115.9	105.6
Value	735.8	741.4
5 day Average Gilt Edged Bargains	134.5	135.0
Equities Bargains	104.1	102.5
Value	715.6	739.8

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (88)

BRITISH FUNDS (19)

CORPORATION LOANS (2)
Leeds 13½pc 2006 LCC 6½pc 1988-90

AMERICANS (1)
CityFed Financial

BREWERS (4)
Greene King; Scottish & Newcastle; Marston Thompson; Wolverhampton, Dudley

BUILDINGS (5)
Brickhouse Dudley; Marshall Halifax; Exeter Bldg. Constr.; Ward Hldgs.; Laing (J.)

CHEMICALS (1)
ICI 5pc Pref.

STORES (9)
Asprey; Hepworth (J.); Bentalls; Liberty; Goldberg (A.); Do. N-V; Habitat Mothercare; Owen Owen; 6½pc Cnv. '99-01; Vantona Viyella

ELECTRICALS (7)
Cass

ENGINEERING (6)
Adwest; Robinson (T.); Clayton; Sevilie Gordon; Mitchell Sommers; Triplex

FOODS (2)
FH; Salvesen (Christian)

INDUSTRIALS (9)
Ashley Ind. Trust; Hawtal Whiting; Bestwood; Parkfield Group; Christie-Tyler; Reed Executive; Elco; Sutcliffe Speakman; Gieves

INSURANCE (2)
Sun Alliance; Trade Indemnity

LEISURE (3)
Pleasurama; Ulster TV N-V A; Samuelson

MOTORS (1)
Adams & Gibbon

PAPER (1)
DRG

PROPERTY (12)
Beazer (C. H.); Mountleigh; British Land; Slough Ests.; Do. 12pc Cnv. '02; Do. 8pc Cnv. '91-94; Daejan; Stock Conversion; Gable House Prop.; Teps Estates; Grosvenor Sq. Props.; Trust of Property

TRUSTS (2)
Murray Growth; M & G 2nd Dual Cap; Do. B

OVERSEAS TRADERS (2)
Ocean Wilsons; Tozer Kemsley

PLANTATIONS (1)
Grand Central

MINES (4)
Afro-West; Oakbridge; Hawk Invs.; Windsor Resources

NEW LOWS (29)

FOREIGN BONDS (2)
Chinese 4½pc 1898; Chinese 5pc 1912

AMERICANS (3)
BARX; Tracor; Lowe's

BUILDINGS (1)
Turriff

CHEMICALS (1)
Rentokil

ELECTRICALS (4)
Atlantic Computer; First Castle; Audiotronic; STC

INDUSTRIALS (5)
AIM; Intereuropa Tech.; Blundell-Permoglaze; Metal Sciences; Bowgreen

INSURANCE (1)
Alexander Alexander

LEISURE (1)
Viewplan

PAPER (2)
Osborne & Little; Peters (M.)

PROPERTY (1)
Marler Estates

SHIPPING (1)
Mersey Dock Units

TRUSTS (1)
Yelverton Invs.

OILS (1)
Dorset Resources

OVERSEAS TRADERS (1)
Lonrho

PLANTATIONS (2)
Anglo-East Plants.; Rowe Evans

MINES (2)
De Beers 40pc Pf.; Hampton North West

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Aug 12 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Aug 9 Index No.	Thurs Aug 8 Index No.	Wed Aug 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	517.68	+0.9	10.93	4.29	11.51	10.52	513.13	515.44	514.22	505.96
2	Building Materials (22)	530.81	+0.6	12.51	4.99	9.83	11.92	527.87	529.29	529.81	462.11
3	Contracting, Construction (29)	813.19	+0.7	12.26	5.08	10.54	17.54	807.57	818.19	813.16	672.58
4	Electricals (14)	1349.28	+0.1	11.86	5.47	10.70	33.14	1347.38	1343.40	1340.44	1531.95
5	Electronics (38)	1452.58	+1.2	10.43	3.18	12.62	27.30	1434.93	1447.65	1451.47	1839.48
6	Mechanical Engineering (62)	280.31	+0.1	11.66	5.01	10.47	6.15	280.06	282.20	280.56	248.80
8	Metals and Metal Forming (7)	200.40	+0.3	12.51	7.84	10.06	4.13	199.73	197.03	189.65	134.71
9	Motors (16)	157.20	+1.3	14.12	5.42	8.76	3.55	155.21	154.07	154.66	118.84
10	Other Industrial Materials (18)	909.55	+1.5	7.67	3.68	15.77	15.81	895.80	894.93	889.66	665.18
21	CONSUMER GROUP (176)	668.39	+0.4	9.54	3.91	13.03	12.36	665.96	665.49	662.92	516.22
22	Brewers and Distillers (24)	634.27	+0.3	11.13	4.59	11.36	13.81	632.57	628.34	626.17	516.89
25	Food Manufacturing (21)•	488.91	+0.5	12.08	4.98	10.49	13.09	486.60	488.01	487.88	391.43
26	Food Retailing (14)	1597.39	+0.7	5.75	2.61	23.13	16.93	1585.68	1607.78	1591.98	1195.44
27	Health and Household Products (9)	1074.93	+0.2	6.28	2.76	18.70	11.95	1072.94	1064.01	1066.49	869.33
29	Leisure (22)	647.69	+0.9	8.71	5.07	15.03	20.79	641.65	629.90	628.33	509.11
32	Newspapers, Publishing (12)	1770.79	—	8.69	4.98	14.82	37.91	1770.83	1770.96	1762.59	1283.46
33	Packaging and Paper (14)	352.42	+1.0	9.81	4.20	12.09	6.20	349.07	349.33	345.53	241.86
34	Stores (41)	669.07	+0.3	7.51	3.17	18.11	9.53	664.75	667.83	665.71	443.77
35	Textiles (16)	317.29	+0.2	13.77	5.18	8.23	7.97	316.56	314.58	313.48	264.05
36	Tobaccos (3)	807.93	−0.2	17.99	5.32	6.26	38.71	809.66	814.10	811.05	690.28
41	OTHER GROUPS (101)	672.82	−0.4	9.50	4.21	13.62	14.13	675.38	677.41	679.43	454.26
42	Chemicals (19)	670.50	−1.4	14.64	5.64	9.03	24.95	679.76	679.02	685.13	599.58
44	Office Equipment (4)	198.62	−0.1	8.05	4.43	14.83	3.64	198.74	199.05	199.05	133.25
45	Shipping and Transport (12)	1167.93	−0.1	8.46	4.53	14.67	25.71	1169.07	1163.68	1148.94	858.64
46	Miscellaneous (64)	817.47	−0.5	7.80	3.89	15.61	14.06	821.60	824.17	827.23	634.44
48	Telephone Networks (2)	873.39	+0.1	8.56	3.72	15.60	14.38	872.66	877.87	879.87	0.0
49	INDUSTRIAL GROUP (483)•	637.21	+0.3	9.87	4.08	12.77	12.58	635.36	636.36	635.32	508.92
51	Oils (17)	1131.17	−1.1	16.54	7.42	7.44	39.47	1143.58	1133.11	1148.57	1043.48
59	500 SHARE INDEX (500)•	678.77	+0.1	10.74	4.52	11.67	14.68	678.03	678.14	678.38	553.66
61	FINANCIAL GROUP (115)	476.28	+0.1	—	5.02	—	12.39	475.91	474.78	472.51	382.14
62	Banks (6)	469.60	−0.9	19.09	6.30	7.49	19.80	473.98	475.51	473.87	360.22
65	Insurance (Life) (9)	742.41	+0.5	—	4.37	—	14.71	739.20	735.84	730.69	522.58
66	Insurance (Composite) (7)	376.27	—	—	5.19	—	8.53	376.28	369.65	366.15	272.21
67	Insurance (Brokers) (7)	1092.70	−0.3	8.59	3.79	15.56	21.02	1096.08	1099.56	1096.81	818.81
68	Merchant Banks (11)	226.23	+0.3	—	4.92	—	4.92	225.53	225.87	226.61	204.95
69	Property (50)	649.14	+1.3	5.72	3.66	23.45	9.88	640.88	642.47	639.59	591.82
70	Other Financial (25)	267.86	−0.1	9.20	6.09	13.21	8.14	268.10	267.91	267.50	255.18
71	Investment Trusts (106)	580.85	—	—	3.81	—	10.05	580.75	579.54	574.87	511.27
81	Mining Finance (3)	255.81	+1.9	12.69	5.99	9.14	5.36	250.92	253.41	248.48	278.71
91	Overseas Traders (14)	603.47	—	12.54	6.95	9.59	23.86	603.68	607.26	606.84	557.76
99	ALL-SHARE INDEX (738)•	620.93	+0.1	—	4.60	—	13.81	620.18	620.07	619.38	510.30

	Index No.	Day's Change	Day's High	Day's Low	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Year ago
FT-SE 100 SHARE INDEX	1288.1	+1.8	1288.1	1281.0	1286.3	1286.0	1286.6	1287.5	1271.8	1084.1

FIXED INTEREST

	PRICE INDICES	Mon Aug 12	Day's change %	Fri Aug 9	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.38	+0.21	119.13	—	6.84
2	5-15 years	133.16	+0.55	132.42	—	8.43
3	Over 15 years	140.01	+0.56	139.22	—	7.11
4	Irredeemables	152.51	+0.62	151.57	—	7.27
5	All stocks	131.13	+0.44	130.55	—	7.75
6	Debentures & Loans	112.47	+0.57	112.67	0.84	6.91
7	Preference	79.62	+0.03	80.64	1.04	4.68
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.36	+0.42	110.94	0.05	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 12	Fri Aug 9	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.03	10.09	11.30
2		15 years	10.12	10.20	10.72
3		25 years	10.12	10.20	10.23
4	Medium Coupons	5 years	10.81	10.91	11.79
5		15 years	10.48	10.56	11.09
6		25 years	10.09	10.16	10.46
7	High Coupons	5 years	10.88	10.99	11.80
8		15 years	10.63	10.70	11.29
9		25 years	10.20	10.25	10.53
10	Irredeemables†		9.94	10.01	10.08
11	Debs & Loans	5 years	11.58	11.51	12.62
12		15 years	11.42	11.39	12.47
13		25 years	11.25	11.27	12.46
14	Preference†		12.32	12.29	13.21
15	Inflation rate	5%	3.60	3.63	3.80
16		10%	3.42	3.44	3.62

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
•Corrected figures 9/8/85.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BICC	185	—
Britoil (partly-paid)	122	—
Brown and Jackson	18	+5
DRG	197	+7
GEC	192	+4
Good Relations	248	−2
Habit Precision	67	+5
Metal Sciences	3	−1
Midland Bank	378xd	+4
NatWest Bank	633xd	+13
Parkfield Group	108	+11
Thorn EMI	357xd	+13½

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
STC	31	92	−10
Thorn EMI	24	358	+22
Britoil	23	218	+8
Good Relations	19	250	+20
Energy Capital	18	64	−2
London & Nthn.	17	71½	−9
TI	17	338	−5
Ose Corp.	16	257	−11
Clay (Richard)	16	156	+9
Imperial Group	16	183	—
Glaxo	13	£13½	+¼
ICI	13	682	+3

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 18,004

A=Ask B=Bid C=Call P=Put

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or−	Net Div.	Times covered	Gross yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+or−
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or−
[illegible]							
77	F.P.	28/8	77½	75	New Cavendish 5p	77	
25	Nil	24/9	8pm	5pm	Nolton	5pm	−½
120	F.P.	30/8	128	123	Prestwich	123	
425	Nil	20/9	80pm	20pm	TACE 10p	60pm	
400	Nil	20/9	84pm	63pm	Siebe	70pm	
A$1.25	Nil	—	6pm	1pm	♥Woodside Pet. A$0.50	1½pm	+½

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. ‡ Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 5	Aug 16	Nov 7	Nov 18
Aug 19	Sept 6	Nov 21	Dec 2
Sept 9	Sept 20	Dec 5	Dec 16

For rate indications see end of Share Information Service

Stocks favoured for the call included Eglinton Oil and Gas, Thorn EMI, Ashley Industrial Trust, S. R. Gent, Renishaw, British Land, Britoil, Pilkington, Sun Oil Royalties, STC and Midland Bank. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	98	0	9
Corpns. Dom. & Foreign Bonds	24	6	48
Industrials	414	226	829
Financial & Props.	124	81	347
Oils	21	31	73
Plantations	3	6	10
Mines	101	14	64
Others	41	124	81
Totals	826	486	1,461

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*558)	460	98	—	—	4	—	—
	500	50	66	77	10	16	23
	550	15	32	43	25	32	40
	600	5	16	—	70	72	—
Cons. Gold (*442)	390	50	70	80	5	12	15
	420	40	59	66	15	28	[illegible]
	460	22	32	42	40	47	[illegible]
	500	8	15	32	75	80	[illegible]
	550	5	8	—	125	127	[illegible]
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*156)	140	17	—	—	1½	—	—
	160	2	9	15	6½	10	11
	180	1	3	6	25	27	28
P. & O. (*390)	330	60	63	68	5	5	5
	360	30	40	46	2	10	17
[illegible]							

Aug. 12 Total Contracts 5,799. Calls 3,342. Puts 2,457.
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Aug. 12	Price Schs	+ or −
Creditanstalt	895	......
Goesser	481	−4
Interunfall	1,510	......
Laenderbank	583	......
Perlmooser	560	−6
Steyr-Daimler	170	......
Veitscher Mag	540	−10

BELGIUM/LUXEMBOURG

Aug. 12	Price Frs.	+ or −
B.B.L.	5,030	−5
Banq. Gen Lux	0,950	......
Banq. Int. A. Lux	6,600	......
Bekaert B	5,480	+80
Ciment CBR	2,440	+130
Cockerill	212	+4
Delhaize	7,960	+150
EBES	2,870	−0
Electrobel	6,480	−40
Fabrique Nat	1,985	+5
GB Inno BM	5,630	......
GBL (Brux)	1,890	+20
Gevaert	3,850	......
Hoboken	0,820	−20
Intercom	8,180	−15
Kredietbank	8,900	......
Pan Hldgs	10,300	......
Petrofina	5,760	+20
Royale Belge	12,950	......
Soc. Gen. Banq	3,855	−20
Soc. Gen. Belge	1,790	−0
Sofina	7,550	+10
Solvay	4,515	−50
Stanwick Intl.	1,400	......
Tractionel	5,790	+12
UCB	5,020	+10
Wagon Lits	5,030	+50

DENMARK

Aug. 19	Price Knr %	+ or −
Andelsbanken	529	−9
Baltic Skand	715	......
CopHandelsbank	322	−10
D. Sukkerfab	475	−6
Danske Bank	560	−9
De Danske Luft.	1,200	......
East Asiatic	340	......
Forenede Brygg.	945	......
Forenede Damp.	163	+5
GNT Hldg	448	−26
I.S.S.B.	470	−5
Jyske Bank	780	......
Novo Ind s	1,600	−40
Privatbanken	357	−5
Provinsbanken	399	......
Smidth (F.L.) B	262	−11
Sophus Berend	1,115	......
Superfos	412	+9

FRANCE

Aug. 19	Price Frs.	+ or −
Emprunt 4½% 1973	1,610	......
Emprunt 7% 1973	8,945	+90
Accor	963	+2
Air Liquide	587	−5
BIC	498	......
Bongrain	1,840	+10
Bouygues	785	−26
BSN Gervais	2,125	......
CIT Alcatel	1,186	−6
Carrefour	2,342	+2
Club Mediter'n	012	−1
Cie Bancaire	680	−1
Cofimeg	288	+2
Damart	1,820	+20
Darty	1,410	−43
Dumex S.A.	833	+5
Eaux (Cie Gen)	622	−4
Elf-Aquitane	196	−1.9
Essilor	2,230	......
Gen.Occidentale	735	......
Imetal	89	−0.95
Lafarge Coppee	532	+1
L'Oreal	2,206	−44
Legrand	2,140	−6
Maisons Phenix	162.1	−2.4
Matra S.A.	1,738	+3
Michelin B	1,160	−8
Midi (Cie)	2,984	+14
Moet-Hennessy	1,828	+3
Moulinex	79	−3.2
Nord Est	84.5	+0.4
Pernod Ricard	696	......
Perrier	486	−2
Petroles Fra.	226.8	+0.8
Peugeot S.A.	365	+0
Printemps Au	282	+3
Radiotech	297	+14
Redoute	1,479	−9
Roussel-Uclaf	1,525	......
Sefimeg	350	+2
Skis Rossignol	1,570	−30
Telemec Elect	2,600	+5
Thomson CSF	531	+3
Valeo	216.5	−0.5

GERMANY

Aug. 12	Price Dm.	+ or −
AEG-Telef	128.7	−0.9
Allianz Vers	1,385	......
BASF	221	+0.5
Bayer	221	+8
Bayer-Hypo	360	−1
Bayer-Verein	387	−4
BHF-Bank	310	−4
BMW	457.5	−6
Brown Boveri	238.0	+0.5
Commerzbank	208.0	−4
Cont'l. Gummi	149.8	−1.1
Daimler-Benz	875xd	+0.5
Degussa	353.2	+2.2
D'sche Babcock	155.1	−1.9
Deutsche Bank	546.5	−2.5
Dresdner Bank	265.5	−2
GHH	172	−1
Hochtief	643	−5
Hoechst	220.2	+1.7
Hoesch Werke	110.5	−0.8
Holzmann (P)	453	......
Horten	185	......
Husel	341.0	+0.5
Karstadt	238.5	−0.0
Kaufhof	970	−2.5
KHD	281	+0.5
Kloeckner	60.5	−1.5
Linde	494xr	+8
Lufthansa	910	+2
MAN	160	......
Mannesmann	190.5	−0.0
Mercedes Hld.	783	−3
Metallgesell	202	......
Muench Rueck	1,780	−10
Nixdorf	535	−5.5
Porsche	1,502	−5
Preussag	969	+1
Rhein West Elect	186	+0.5
Rosenthal	253	+8
Schering	463	+2.0
Siemens	548.0	−0.1
Thyssen	120	−1
Varta	219	−1
Veba	231.8	+1.3
V.E.W.	136.7	......
Verein-West	032	−1
Volkswagen	323.2	−2.6

ITALY

Aug. 12	Price Lira	+ or −
Banco Com'le	22,800	−400
Bastogi-IRBS	228.5	−5.5
B.I-Invest	5,320	−30
Centrale	3,249	......
Credito Varesino	4,530	−70
Fiat	4,035	−85
Finsider	......	......
Generali Assicur.	55,300	−90
Italcementi	47,000	......
La Rinascente	861	−6
Montedison	2,007	−55
Olivetti	6,455	−25
Pirelli Co	5,801	−149
Perelli Spa	5,035	−50
Saipem	6,000	−77
Snia BPD	3,315	−50
Toro Assic	17,190	−600
do Pref	12,760	−309

NETHERLANDS

Aug. 12	Price Fls	+ or −
ACF Holding	943	+1
AEGON	95	−1
Ahold	237.7	+0.9
AKZO	122	−0.8
ABN	503xr	−0.0
AMEV	267	−2
AMRO	85.8	−2.7
Bredero Cert	163.5	−1
Bos Kalis Westm	18.8	......
Buehrmann-Tet	101	−1
Calland Hldgs	38	+0.2
Dordtsche Pet'm	170.8	−0.1
Elsevier-NDU	128.8	−0.2
Fokker	84.2	+2.2
Gist Brocades	912	−0.0
Heineken	149.2	−0.8
Hoogovens	65.1	......
Int Mueller	56	+0.3
KLM	58.9	−0.9
Naarden	49.5	−0.0
Nat Ned Cert	73	−0.2
Ned Mid Bank	213.5	+1
Nedlloyd	174.5	−3
Oce Grinten	338.0	−1.5
Ommeren (Van)	29	......
Pakhoed	69	−0.3
Philips	46.5	−0.2
Robeco	74.2	−0.4
Rodamco	132.4	......
Rolinco	68.2	......
Rorento	46.1	......
Royal Dutch	189.3	−0.4
Unilever	326.5	−5
VMF Stork	240	+1.3
VNU	210.5	......
Wessanen	170	−2
West Utr Bank	99.5	+0.1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Aug. 13	Price Kroner	+ or −
Bergens Bank	144.0	......
Borregaard	396	−3
Christiania Bank	140	......
DenNorske Cred	144	−1
Elkem	126	−1
Kosmos	285	+4
Kvaerner	164	+4
Norsk Data	350	−2.5
Norsk Hydro	108.5	......
Storebrand	275	+2

SPAIN

Aug. 12	Price Pta%	+ or −
Bco Bilbao	349	......
Bco Central	515	......
Bco Exterior	200	......
Bco Hispano	148	......
Bco Popular	345	−1
Bco Santander	341	......
Bco. Vizcaya	446	......
Dragados	152	−5
Hidrola	75	+1
Iberduero	91.2	+1.2
Petroleos	125	+0.5
Telefonica	110.2	+1

SWEDEN

Aug. 12	Price Kronor	+ or −
AGA	115	+1
Alfa-Laval B	187	−2
ASEA (Free)	310	+4
Astra (Free)	440	+1
Atlas Copco	110	−2
Cardo (Free)	243	......
Cellulosa	188	−1
Electrolux B	281	−6
Ericsson B	228	−17
Esselte	365	......
Mo och Domsjo	171	−1
Pharmacia	192	−8
Saab Scania Free	400	......
Sandvik	410	−9
Skandia	335	+1
Skan Enskilda	85.5	+1
SKF	229	......
St Kopparbergs	147	+1
Sonesson	170	+9
Sven Handlesbn	174	......
Swedish Match	193	......
Volvo B (Free)	958	−1

SWITZERLAND

Aug. 12	Price Frs.	+ or −
Adia Intl	5,495	+15
Alusuisse	805	+5
Bank Leu	5,760	......
Brown Boveri	1,570	......
Ciba Geigy	5,970	−10
do. (Part Certs)	2,520	−15
Credit Suisse	9,985	+10
Elektrowatt	8,240	+10
Fischer (Geo.)	890	−6
Hoff-Roche PtCts	94,500	+250
Hoff-Roche 1/10	9,450	+25
Jacobs Suchard	6,660	−25
Jelmoli	2,575	+50
Landis & Gyr	1,880	−10
Nestle	6,750	+75
Oer-Buehrle	1,480	......
Pirelli	348	−2
Sandoz (Br)	8,625	−50
Sandoz (PtCts)	1,350	−20
Schindler (PtCts)	850	+20
Sika	1,540	+70
Surveillance A	5,250	−25
Swissair	1,465	+50
Swiss Bank	407	−8
Swiss Reinsce	12,760	......
Swiss Volksbk	1,740	−10
Union Bank	4,250	−0
Winterthur	4,575	−25
Zurich Ins	......	......

AUSTRALIA

Aug. 12	Price Aust $	+ or −
ANZ Group	5.24	+0.02
Alliance Oil Dev	1.05	−0.01
Ampol Pet	2.08	−0.08
Ashton	1.17	+0.05
Aust. Cons. Ind	2.68	+0.05
Aust. Guarantee	2.90	−0.02
Aust. Nat. Inds	2.68	−0.05
APM	3.00	+0.02
Bell Group	7.84	+0.04
Bell Res.	7.00	−0.1
Bond Corp Hldgs	1.54	−0.01
Boral	3.50	......
Bougainville	1.97	+0.0
Brambles Inds	3.99	+0.05
Bridge Oil	2.48	−0.09
B.H. Prop	6.94	+0.13
CRA	5.90	+0.08
CSR	5.20	−0.03
Castlemaine Tys	7.58	......
Coles (G.J.)	4.1	+0.15
Comalco "A"	1.23	−0.02
Consolidated Pet	0.35	......
Costain Aust	1.8	......
Dunlop Olympic	2.57	+0.04
Elders IXL	8.19	−0.03
Energ Res	1.68	......

AUSTRALIA (continued)

Aug. 12	Price Aust $	+ or −
Gen. Prop. Trust	2.2	+0.02
Hardie (James)	3.10	−0.02
Hartogen Energy	2.8	......
Herald W'yTimes	4.8	......
ICI Aust	2.19	+0.07
Jimberlana F.P.	0.26	......
Kia Ora Gold	0.10	+0.02
Lend Lease	7	......
MIM	2.77	+0.08
Mayne Nickless	5.15	−0.05
Myer Emporium	3.41	+0.06
Nat. Aust. Bank	4.72	+0.02
News	7.0	+0.4
Nicholas Kiwi	1.2	......
North Bkn Hill	2.45	+0.01
Oakbridge	1.28	+0.02
Pancontinental	1.98	+0.01
Pioneer Conc	9.02	+0.04
Poseidon	4.28	+0.13
Queensland Coal	1.75	+0.01
Reckitt & Colman	5.8	......
Repco	1.55	+0.03
Santos	5.85	......
Smith (Howard)	5.55	−0.14
Thos. Natwide	2.28	+0.04
Tooth	0.2	......
Vamgas	4.05	−0.07
Western Mining	4.25	+0.07
Westpac Bank	4.76	−0.08
Woodside Petrol	1.30	+0.01
Woolworths	3.48	+0.02
Wormald Intl	5.99	......

HONG KONG

Aug. 12	Price H.K.$	+ or −
Bank East Asia	22.0	−0.1
Cheung Kong	18.4	+0.4
China Light	18.2	+0.1
Evergo	0.88	......
Hang Seng Bank	47	+0.75
Henderson Land	2.10	......
HK China Gas	11.2	+0.3
HK Electric	8.4	......
HK Kowloon Wh.	7.35	+0.8
HK Land	5.65	+0.1
HK Shanghai BK	7.85	+0.05
HK Telephone	9.0	......
Hutchison Wpa	97.8	+0.0
Intnl. City	0.96	+0.02
Jardine Math	18.8	+0.8
New World Dev	7.65	+0.05
Orient O'seas	9.05	−0.07
SHK Props	15	+0.2
Shell Elect	1.5	......
Swire Pac A	90.1	+0.9
TV—B	7.7	−0.15
World Int. Hldgs.	9.45	+0.08

JAPAN

Aug. 12	Price Yen	+ or −
Ajinomoto	1,130	+10
Alps Electric	1,380	−10
Amada	800	......
Asahi Chem	882	+12
Asahi Glass	819	−1
Bridgestone	037	−3
Canon	955	−10
Casio Comp	1,550	−30
Chugai Pharm	855	+15
Citizen	402	−1
Daiei	670	+10
Dai Nippon Ptg	1,040	−10
Daiwa House	789	+19
Ebara	459	+9
Eisai	1,340	+30
Fanuc	7,520	−80
Fuji Bank	1,600	+30
Fuji Film	1,990	−50
Fujisawa	860	+10
Fujitsu	905	......
Green Cross	2,220	−10
Hasegawa	018	+15
Heiwa Real Est	793	+4
Hitachi	715	−8
Hitachi Credit	1,050	+30
Honda	1,370	+10
House Food	740	+8
Hoya	1,740	−10
Itoh (C)	420	......
Ito. Yokado	3,740	−10
Iwatsu	830	−10
JACCS	341	−9
JAL	7,600	−10
Jusco	850	+0
Kajima	450	+18
Kao Soap	257	+9
Kashiyama	700	+10
Kirin	676	+1
Kokuyo	946	+1
Komatsu	495	−2
Konishiroku	668	+4
Kubota	345	+1
Kumagai	788	+2
Kyocera	3,880	+40
Maeda Const	900	+7
Makino Milling	885	−10
Makita	950	−25
Marubeni	521	−1
Marudai	644	+1
Marui	1,380	+60
MEI	1,300	+10
M'ta Elec Works	830	+10
M'bishi Bank	1,570	−10
M'bishi	605	−6
M'bishi Elect	360	−2
M'bishi Estate	891	+5

JAPAN (continued)

Aug. 12	Price Yen	+ or −
MHI	332	+15
Mitsui	418	−2
Mitsui Estate	824	+15
Mitsukoshi	601	−17
NGK Insulators	705	......
Nihon Cement	320	......
Nippon Denso	1,300	+10
Nippon Elect	941	−14
Nippon Express	483	+8
Nippon Gakki	1,210	+30
Nippon Kokan	147	......
Nippon Oil	840	−8
Nippon Seiko	450	−12
Nippon Shimpan	642	−1
Nippon Steel	171	+4
Nippon Suisan	587	+1
NTV	10,390	+790
Nippon Yusen	300	+1
Nissan Motor	020	+1
Nisshin Flour	480	−8
Nisshin Steel	168	−1
Nomura	1,180	−20
Olympus	999	−11
Orient Leasing	3,590	......
Pioneer	1,840	−10
Renown	760	−6
Ricoh	856	−94
Sankyo	1,120	−10
Sanyo Elect	410	−1
Sapporo	465	......
Sekisui Prefab	800	+11
Seven-Eleven	8,300	+190
Sharp	809	+8
Shimadzu	680	−5
Shionogi	752	......
Shiseido	1,080	+20
Sony	3,670	−80
Stanley	750	−1
S'tomo Bank	1,800	−20
S'tomo Elect	718	−4
S'tomo Marine	655	+0
S'tomo Metal	151	+1
Taihei Dengyo	550	−9
Taisei Corp	338	+11
Taisho Pharm	1,130	......
Takeda	785	−8
TDK	4,160	−120
Teijin	487	+1
Teikoku	653	+2
Tokio Marine	865	+7
TBS	861	+1
Tokyo Elect Pwr	2,020	+40
Tokyo Gas	815	+1
Tokyo Sanyo	620	+1
Tokyo Style	1,060	+10
Tokyu Corp	480	+14
Toppan Print	807	+8
Toray	495	−4
Toshiba Elect	351	−5
TOTO	765	+10
Toyo Seikan	1,140	−10
Toyota Motor	1,160	......
Victor	1,540	−30
Wacoal	792	+1
Yamaha	680	+19
Yamanouchi	5,140	−10
Yamazaki	780	+6
Yasuda Fire	830	......
Yokogawa Bdge.	710	+10

SINGAPORE

Aug. 12	Price $	+ or −
Boustead Hldgs	1.5	−0.01
Cold Storage	2.56	+0.01
DBS	5.1	−0.1
Genting	0.7	......
Haw Par. Bros	2.12	−0.04
Hong Leong Fin	2.41	−0.05
Inchcape Bhd	9.25	......
Keppel Shipyard	1.12	−0.05
Malay Banking	0.75	+0.05
Malay Utd. Ind	2.4	......
Multi Purpose	0.85	−0.01
OCBC	8.15	−0.1
OUE	2.68	−0.02
Public Bank	1.38	−0.05
Sime Darby	1.80	−0.04
Singapore Press	5.0	−0.05
Straits Trdg	3.18xc	−0.04
Tat Lee BK	2.45	−0.01
UOB	5.70	+0.06

SOUTH AFRICA

Aug. 12	Price Rand	+ or −
Abercom	1.75	+0.1
AECI	8	......
Allied Tech	21	......
Anglo Am Coal	52.5	......
Anglo Am Corp	99.05	+0.55
Anglo Am Gold	187	+7
Barclays Bank	17.5	......
Barlow Rand	11.0	+0.25
Buffels	69.6	+3.0
CNA Gallo	9.4	+0.2
Currie Finance	3.85	−0.05
De Beers	11.0	+0.25
Driefontein	45.75	+1.5
FS Geduld	44	+1.5
Gold Fields SA	30.75	+0.75
Highveld Steel	4.7	+0.05
Nedbank	14.1	+0.1
OK Bazaars	18	+0.25
Protea Hldgs	2.15	......
Rembrandt	38.75	+0.25
Rust Plat	15.25	+0.25
Safren	14.25	+0.25
Sage Hldgs	9.5	......
SA Brews	7.63	+0.16
Smith (CG)	23.0	+0.25
Tongaat Hulett	6.5	......
Unisec	5.05	......

CANADA

TORONTO
Prices at 2.30pm August 12

Sales	Stock	High	Low	Close	Chng
2977	Celanese	$10	9⅞	10	−¼
10050	Centrl Tr	$14⅝	14⅝	14⅝	
58250	Cineplex	$10	9⅝	9¾	−¼
5151	C Dstb A	$7½	7⅛	7⅛	−⅜
5900	CDistb B f	$7¼	7⅛	7⅛	−⅛
2785	CTL Bank	$11¼	11⅛	11⅛	−⅛
8200	Conventrs	$7	6⅞	6⅞	−⅛
355	Conwest A	$8⅝	8⅝	8⅝	−¼
1700	Cosaka R	286	286	286	−4
500	Ipsco	$13½	13½	13½	
27000	Ivaco 2	$21½	21¼	21½	+¼
10400	Jannock	$19¾	19⅜	19¾	−⅛
882	Kerr Add	$16½	16½	16½	
17302	Labatt	$28⅛	28	28	
100	LOnt Cem	$14½	14½	14½	+¼
5300	Lacana	$12¾	12½	12¾	+⅛
46085	Lac Mnrls	$32⅜	31⅞	32¼	+¼
4300	Loblaw Co	$20⅝	20⅝	20½	+¼
8118	Sherritt	$7¾	7½	7½	−¼
758	Slater S f	$15	12¾	12¾	−⅜
160500	Southam	$17	16¼	16½	+⅜
1575	Spar Aero f	$29¾	29⅜	28⅝	−⅛
20174	Stelco A	$22⅜	22⅛	22⅛	−¼
2412	Sulpetro	191	190	190	+5
300	Steep R	220	220	220	−5
14295	Sydney o	26	25	25	−1
400	Tara	$20½	20⅜	20⅜	−⅛
24392	Teck B f	$14½	14⅛	14½	+¼
775	Tex Can	$31½	31¼	31¼	−⅛
8965	Thom N A	$22	21⅝	21⅝	−⅛

MONTREAL
Closing prices August 7

Sales	Stock	High	Low	Close	Chng
3201	CB Pak	$21¼	21	21¼	+⅛
71748	Cascades	$18	17⅜	18	+⅝
28573	ConBath	$19	18⅞	19	−⅛
4767	DomTxtA	$12	11¾	12	
14221	Gaz Metro	$11⅝	11½	11½	
230	MntTrst	$15⅝	15½	15⅝	−⅛
24949	NatBk Cda	$21⅛	20¾	21	
12225	Power Corp	$19¼	18⅞	19¼	+¼
31898	Royal Bank	$30¾	30¼	30⅜	−⅜
1196	RoyTrstco	$21⅞	21½	21⅞	−⅛
800	SteinbrgA	$23⅜	23⅜	23⅜	−⅜

Total Sales 2,053,378 shares

Indices

NEW YORK-DOW JONES

	Aug 12	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,317.43*	1,320.79	1,320.86	1,325.04	1,325.15	1,346.88	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85)	41.22 (2/7/32)
Transport	676.15*	679.89	681.41	678.45	681.41	684.83	702.6 (17/7)	553.03 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	154.80*	155.06	155.47	153.11	154.39	155.31	168.91 (12/7)	146.54 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
Trading vol	–	81.75m		100.0m	102.9m	79.5m	–	–	–	–

	Aug 2	July 26	July 19	Year Ago (Approx)
Ind Div Yield %	4.53	4.52	4.51	4.71

STANDARD AND POORS

	Aug 12	Aug 9	Aug 2	Aug 7	Aug 6	Aug 5	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.78*	209.43	210.22	209.29	209.49	212.40	215.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	187.72*	188.32	188.95	187.68	187.93	190.62	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	July 24	July 17	July 10	Year Ago (Approx)
Ind div yield %	3.08	3.02	3.08	4.34
Ind. P/E Ratio	12.07	12.28	11.98	10.51
Long Gov Bond Yield	10.64	10.30	10.26	12.87

N.Y.S.E ALL COMMON

Aug 12	Aug 9	Aug 8	Aug 7	1985 High	1985 Low
108.73*	109.05	109.48	108.58	113.40 (17/7)	94.00 (4/1)

RISES AND FALLS

	Aug 9	Aug 8	Aug 7
Issues traded	1,971	1,982	2,023
Rises	887	1,073	630
Falls	840	474	948
Unchanged	444	435	445

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Ntl Energy	4,173,600	30⅝	+3⅝
Pan Am Corp	2,120,800	8⅛	unch
MGM Film	997,200	24¼	−½
IBM	819,200	127⅞	−¼
Mid-So Util	751,500	12¼	−⅛
ATT	762,900	21	−⅛
Beatrice Co	690,100	53	−½
Fannie Mae	615,100	20¼	+⅛
Bunnells In	613,600	5	+⅜
Hewlt-Pack	526,500	36½	−⅜

Advances 600 Declines 804

TORONTO

	Aug 12	Aug 9	Aug 8	Aug 7	1985 High	1985 Low
Metals & Minls	2,079.8*	(u)	2,084.6	2,059.3	2190.7 (13/2)	1896.0 (4/1)
Composite	2,774.7*	2,778.4	2,772.2	2,766.7	2804.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	136.05*	136.42	135.88	135.31	139.33 (19/7)	117.00 (4/1)

* Indicates pre-close figure

World indices

	August 12	August 9	August 8	August 7	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	849.7	841.7	835.0	831.8	849.7 (12/8)	715.5 (1/1)
Metals & Mins. (1/1/80)	547.8	539.1	534.8	535.9	583.6 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	95.28	95.58	95.98	95.42	105.75 (17/6)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2319.11	2311.24	2304.64	2303.18	2327.23 (29/7)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	n/a	214.37	214.81	216.21	217.88 (6/8)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	217.5	217.50	215.8	215.5	233.1 (31/5)	188.9 (3/1)
Ind Tendance (28/12/84)	124.1	124.48	123.4	123.8	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	478.30	48.22	480.47	474.75	502.82 (6/1)	382.39 (3/1)
Commerzbank (1/12/53)	1407.1	1413.1	1414.8	1397.8	1488.2 (5/7)	1111.9 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1699.43	1676.51	1678.55	1698.86	1699.43 (12/8)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	357.43	362.56	364.30	365.81	365.81 (1/8)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12372.88	12401.19	12366.03	12421.15	13040.10 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	999.13	1001.25	1002.80	1005.30	1055.91 (9/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	214.8	215.1	215.9	217.0	220.9 (8/7)	185.6 (3/1)
ANP-CBS Indust (1970)	188.4	188.6	187.4	187.1	188.4 (12/8)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	340.94	340.57	340.5	341.54	349.86 (5/8)	288.19 (2/1)
SINGAPORE						
Straits Times (1966)	751.86	(c)	757.99	757.80	852.85 (1/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	–	802.8	892.5	856.0	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	–	932.9	932.1	922.5	1036.8 (17/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.19	110.01	116.29	110.38	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1340.42	1387.18	1383.35	1385.45	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	467.5	456.1	454.0	453.2	489.1 (8/7)	398.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	–	218.5	217.2	218.2	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday August 8 Japan Nikkei Dow 12482.27 TSE 1013.86 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10† and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u Unavailable

LONDON
Chief price changes
(In pence unless otherwise indicated)

RISES

Treas. 10½pc 1989	£99⁹⁄₁₆	+⁷⁄₁₆
Treas. 12¾pc 1992	£109⅝	+¾
Adams & Gibbon	300xd	+17
Ashley Ind Trust	34	+5
Asprey	£11½	+1¼
British Land	158	+7
Brown & Jackson	18	+5
Cass	205	+25
Christie-Tyler	78	+29
Clayton	142	+24
DRG	197	+7
De Beers Defd	376	+16
Gent (S.R.)	90	+12
Grand Metro	313xd	+9
GKN	223	+7
Habit Precision	67	+5
Hawtal Whiting	390	+30
MEPC	291	+10
Meyer Int	147	+6
Parkfield Group	108	+11
Racal Elect	162	+6
Ruberoid	163	+10
Stone Int	162	+8
Vaal Reefs	£59⅝xd	+3⅝
Winkelhaak	£17⅝	+1

FALLS

Britoil (Old)	202xd	−12
London & North	68	−3½
Milbury	25	−5
Rothmans Int	120xd	−5
STC	88	−4

OVER-THE-COUNTER
Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng

Continued from Page 29

Stock	Sales (Hnds)	High	Low	Last	Chng
Regies	.12	407	15	14½	14½ − ⅛
Reliab		1	5½	8¼	5¼
Soutrst	.60	43	17½	17½	17½ − ¼
Sovrgn	.18	236	7½	7⅜	7⅜ − ⅛
US Ant		$1	8 7-16	3⅝	8 7-10 + 1-16
US Bep		1 270	27⅞	27¾	27¾

Prices at 3pm, August 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅝	18	AAR	.56	2.6	14	46	21⅝	21⅝	21⅝	
17⅜	9¾	AGS			13	121	16⅛	15⅞	13⅛	+¼
16½	9⅝	AMCA				10	12½	12½	12½	+⅛
21½	13	AMF	.25j		95	263	13⅝	13¼	13¼	
50¾	24⅞	AMR			3	1096	49½	48½	48⅝	−⅞
22⅞	18⅝	AMR pf	2.13	9.5		3012	u23	22¾	23	+⅛
23	10	ANR pf	2.12	10.		2	20¾	20¾	20¾	−¼
14¼	7⅝	APL				8	10	10	10	
51⅛	43¼	ASA		24.4		s1722	45⅝	44¾	45⅝	+⅝
27	12½	AVX	.32	2.3	20	86	13⅞	13⅝	13⅞	+⅛
25⅛	17⅜	AZP	2.72	11.	7	512	24⅞	24⅝	24¾	+⅛
60	38¾	AbtLab	1.40	2.5	18	1632	55½	54⅝	55⅝	
25⅞	20	AccoWd	.50	2.2	17	92	23	22⅝	23	+¼
24¾	12½	AcmeC	.40	2.7		74	15	14¾	14¾	−½
10⅛	7⅛	AcmeE	.32b	4.0	19	1	8	8	8	+⅛
10	15½	AdaEx	1.92e	11.		30	17⅝	17½	17⅝	+¼
20	13¼	AdmMl	.32	1.9	7	x53	17	16¾	16¾	+¼
19½	8⅝	AdvSys	.53t	4.5	10	47	12	11⅞	11⅞	−⅛
41⅛	22⅛	AMD			17	6276	28¾	28	28¼	−⅝
12⅞	6⅞	Advest	.12	1.4	10	65	8⅞	8¾	8¾	−¼
15⅞	9½	Aerflex			15	38	14¼	14⅛	14¼	
49⅝	32⅝	AetnLf	2.64	5.7	18	1425	46⅛	45¾	46⅛	−¼
57⅛	52⅝	AetL pf	5.79e	10.		22	56¼	56	56¼	+⅛
87⅝	16¾	Ahmns	1.20	3.7	8	517	32¼	31¾	32⅝	−⅝
[illegible]										

Kidder, Peabody International

Limited

International Investment Bankers

An affiliate of

Kidder, Peabody & Co.

Incorporated

Founded 1865

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NYSE COMPOSITE PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
70	53⅛	PSCol pf7.18		11.		z100	64¾	64¾	64¾	[illegible]
21¼	16¼	PSCol pf2.19		10.		2	20⅝	20¼	20¼	
10⅛	6⅞	PSInd	1	11.	11	542	9⅛	8⅞	9⅛	+⅛
9	8	PSIn pf 1.04		13.		z1000	8⅝	8¼	8¼	−⅛
71	51	PSIn pf 9.44		14.		z200	66	66	66	
63	45	PSIn pf 8.52		15.		z198	58	58	56	−½
66	47½	PSIn pf 8.96		15.		z300	58	58	58	−3
7⅞	3½	PSvNH			5	373	7⅝	7⅜	7⅜	−⅛
15⅞	7½	PSNH pf				z100	15	15	15	
18	7⅝	PNH pfB				20	18	15⅞	18	
23¾	11	PNH pfC				5	23⅝	23⅝	23⅝	
21⅛	9½	PNH pfD				3	21	21	21	
22	9¾	PNH pfE				17	21⅛	21¼	21½	+⅛
18¼	8⅝	PNH pfF				14	18¼	18	18⅛	+⅛
19⅞	8⅞	PNH pfG				18	u19⅝	18⅞	19¼	+⅛
29½	20¼	PSvNM2.88		11.	8	192	26¼	26	26	−⅛
32½	23	PSvEG2.84		9.7	7	317	29½	29¼	29⅜	+⅛
39	28⅞	PSEG pf4.08		11.		z100	37	37	37	−⅛
20¾	16	PSEG pf2.17		11.		13	19⅝	18⅛	19½	
23¼	17⅝	PSEG pf2.43		11.		21	22⅛	22⅛	22⅛	
73	56	PSEG pf8.08		11.		z400	72½	72	72	
69	53½	PSEG pf7.52		11.		z100	66½	66½	66½	−¼
68⅛	53⅝	PSEG pf7.40		11.		z50	65⅞	65⅞	65⅞	+⅜
86	69	PSEG pf9.62		11.		z40	86	86	86	−1
4⅛	2⅝	Publick				20	2¾	2⅝	2¾	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

We regret that due to communications problems this listing is incomplete.

AMEX COMPOSITE PRICES

Prices at 3pm, August 12

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 27

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Institutions head for sidelines

A TRADING week which will feature the latest federal statistics on the progress of the U.S. economy made a dull start on Wall Street yesterday, *writes Terry Byland in New York.*

Light trading saw the stock market renew its downward slide early in the session. However, the broader market held steady and blue chips rallied from early falls.

The major investment institutions kept out of the equity market, leaving prices vulnerable to weakness in the credit sector, and nervousness regarding the Commerce Department's latest data on retail sales, due today, and on industrial production, due on Thursday.

Selling pressure was moderate, but the major stock market indices were depressed by a renewed setback in Union Carbide after an escape of toxic fumes at a company plant in West Virginia. There was hefty profit-taking in some airline stocks. The technology sector steadied at mid-session, however.

By 2pm the Dow Jones industrial average was down 3.36 at 1,317.43.

Union Carbide fell $1⅞ to $48⅞ on persistent selling on reports from the toxic escape at the Charleston plant. Most of the fall in the stock came early in the day. Several predators, including the Bass Brothers, are known to be interested in Union Carbide stock, and selling remained well short of panic proportions.

Other chemical issues slipped lower in line with the rest of the market and were little affected by Union Carbide's misfortunes. Most of the industrial blue chips suffered small losses. While most observers continue to forecast an economic upturn in the second half of the year, worries over sluggish corporate profits have now been extended into the third quarter, which is now half over. This week's economic data is likely to confirm that the upturn is still slow in showing itself.

IBM, quickly rallying from initial weakness, shed $¼ to $127¼ in light trading, setting the pattern for the rest of the technology sector. Digital Equipment lost $⅝ to $102¼, Control Data $⅞ to $25¼, Honeywell $⅜ to $64 and Sperry $⅝ to $49¼.

Motor stocks, unsettled by last week's disclosure of lacklustre sales progress, gave ground again with General Motors shedding $⅝ to $68⅝ and Chrysler $⅜ to $35⅞.

Pan Am stock continued to trade heavily, easing $¼ to $7⅞. The stock is favoured both on recovery and takeover prospects. United dipped $⅝ to $55¾, Delta $¼ to $49¼ and American $1 to $48½, but selling was light in all three cases. Eastern, strong recently as recovery hopes rise, held steady at $11⅞, just below the 52-week high.

Retail stocks looked sluggish ahead of today's U.S. retail sales statistics, which were pre-empted last week when the major stores disclosed sluggish figures for July. The firm spot was Woolworth, $⅝ up at $44⅝ after the board said the second-quarter results would show a "solid increase".

The takeover scene found a new star, as United Energy Resources jumped $3⅞ to $39⅞, with around 4bn shares traded as MidCon Corporation bid $1.15bn in a deal aimed to create the largest natural gas pipeline networks in the U.S. At $43, MidCon was $1 down.

Its decision to buy out the half share in Warner Amex Cable Communications left Warner Communications $⅝ off at $29½, while American Express, the erstwhile partner, held steady at $43⅞.

But the excitement in TWA died down, with the stock unchanged at $22½ as the market assessed the increased bid of $26 a share from Texas Air. There was little sign of activity by Mr Carl Icahn, who holds 46 per cent of TWA and said on Friday he might increase that stake.

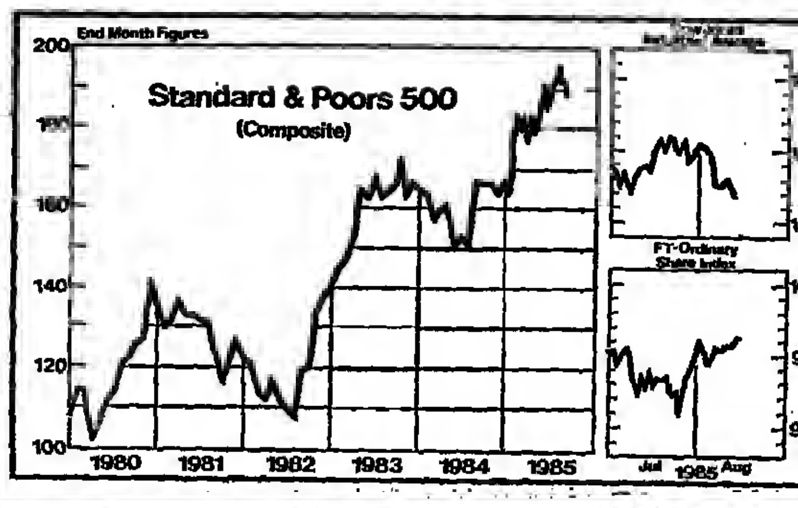
The absence of market activity suggested that Mr Icahn might be negotiating with Texas Air to resolve the stalemate. Mr Icahn is prohibited under SEC ruling from taking profits on his TWA stake by voting in favour of the Texas Air terms.

In the entertainment sector MGM-UA stock eased $⅝ to $24 in brisk turnover, still well short of the $29 a share offer from Mr Ted Turner. CBS, in limbo now that Mr Turner has backed off, eased $¼ to $105¼ in light trading.

G. D. Searle, at $64⅞, remained unchanged after Monsanto confirmed that it had received tenders for the 80 per cent of the Searle stock sought at $65 a piece – the offer expires on Friday.

In the credit market, the prospects of a sluggish economy, which would keep interest rates down, was counter-balanced by the weight of federal paper now hanging over the market. Federal funds edged up to 7⅞ per cent, and bond prices eased as traders faced the task of passing on the $21.75bn issued last week by the U.S. Treasury.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug 12	Previous	Year ago
DJ Industrials	1,317.43*	1,320.79	1,218.09
DJ Transport	676.15*	679.89	519.54
DJ Utilities	154.80*	155.06	128.37
S&P Composite	187.72*	188.32	165.42
LONDON			
FT Ord	964.2	959.5	840.5
FT-SE 100	1,288.1	1,286.3	1,095.7
FT-A All-share	620.93	620.02	510.30
FT-A 500	678.77	677.8	553.66
FT Gold mines	349.1	337.2	543.6
FT-A Long gilt	10.20	10.25	10.49
TOKYO			
Nikkei-Dow	12,372.88	12,401.19	10,375.9
Tokyo SE	999.13	1,001.25	801.66
AUSTRALIA			
All Ord.	949.7	941.7	738.7
Metals & Mins.	547.8	539.1	473.2
AUSTRIA			
Credit Aktien	95.26	95.58	53.2
BELGIUM			
Belgian SE	2,319.11	2,311.24	–
CANADA			
Toronto Metals & Minls	2,077.9*	2,087.0	1,985.0
Composite	2,774.7*	2,778.4	2,352.7
Montreal Portfolio	136.05*	136.42	116.42
DENMARK			
SE	n/a	214.37	195.4
FRANCE			
CAC Gen	217.5	217.5	163.0
Ind. Tendance	124.1	124.4	87.3
WEST GERMANY			
FAZ-Aktien	478.30	480.22	340.25
Commerzbank	1,407.1	1,413.1	986.0
HONG KONG			
Hang Seng	1,699.43	1,676.51	925.70
ITALY			
Banca Comm.	357.43	362.56	213.0
NETHERLANDS			
ANP-CBS Gen	214.8	215.1	164.2
ANP-CBS Ind	188.4	188.6	130.3
NORWAY			
Oslo SE	340.94	340.57	284.2
SINGAPORE			
Straits Times	751.86	757.99	963.07
SOUTH AFRICA			
JSE Golds	–	902.8	945.0
JSE Industrials	–	932.9	801.5
SPAIN			
Madrid SE	110.16	110.01	98.27
SWEDEN			
J & P	1,346.42	1,357.10	1,530.21
SWITZERLAND			
Swiss Bank Ind	457.5	456.1	375.2
WORLD	Aug 9	Prev	Year ago
Capital Int'l	216.5	217.2	181.5

GOLD (per ounce)

	Aug 12	Prev
London	$326.00	$321.75
Zürich	$326.75	$321.70
Paris (fixing)	$326.46	$322.16
Luxembourg	$326.75	$323.20
New York (Oct)	$330.70	$336.30

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Aug 12	Previous	Aug 12	Previous
$	–	–	1.3835	1.3585
DM	2.7975	2.8315	3.8675	3.8375
Yen	237.2	238.55	328.0	323.25
FFr	8.5525	8.6625	11.82	11.7475
SwFr	2.304	2.3445	3.185	3.175
Guilder	3.146	3.1835	4.35	4.32
Lira	1,879.25	1,897.0	2,598.0	2,574.5
BFr	56.55	57.25	79.2	77.7
C$	1.3585	1.3585	1.8809	1.845

INTEREST RATES

	Aug 12	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11⅝
SwFr	4¾	4¾
DM	4⅞	4¾
FFr	12¼	12¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅛	8⅛
6-month U.S.$	8¼	8⅜
U.S. Fed Funds	7⅞*	7⅞
U.S. 3-month CDs	7.65*	7.70
U.S. 3-month T-bills	7.09*	7.15

U.S BONDS

Treasury	Aug 12* Price	Yield	Prev Price	Yield*
8⅞ 1987	99²⁰⁄₃₂	8.925	99²⁰⁄₃₂	8.90
10⅝ 1992	100²⁴⁄₃₂	10.21	100²⁴⁄₃₂	10.21
11¼ 1995	100²⁸⁄₃₂	10.357	100²⁷⁄₃₂	10.362
10⅝ 2015	100⁶⁄₃₂	10.61	100⁸⁄₃₂	10.60

Corporate	Aug 12* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	100½	10.23	101⅝	10.20
3⅞ July 1990	83¾	8.15	81½	8.60
8⅝ May 2000	83¼	11.05	83	11.10
Xerox				
10⅞ March 1993	99¼	10.80	98⅝	11.00
Diamond Shamrock				
10⅜ May 1993	98⅞	10.85	97⅝	11.05
Federated Dept Stores				
10⅜ May 2013	92.70	11.50	93.00	11.45
Abbot Lab				
11.80 Feb 2013	101.632	11.60	102.00	11.55
Alcoa				
12¼ Dec 2012	100.746	12.15	101½	12.10

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	76-07	76-25	76-01	76-13
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.85	92.92	92.82	92.86
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.25	92.34	92.24	92.25
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.98	92.03	91.97	91.91
20-year Notional Gilt £50,000 32nds of 100%				
Sept	112-13	112-25	112-10	112-05

COMMODITIES

(London)	Aug 12	Prev
Silver (spot fixing)	454.50p	452.05p
Copper (cash)	£1,021.00	£1,043.50
Coffee (Sept)	£1,644.00	£1,743.50
Oil (spot Arabian Light)	$27.35	$27.30

TOKYO

Full steam ahead into difficulties

INVESTORS in Tokyo were unnerved by the prospect that the financially troubled Sanko Steamship might go bankrupt, writes **Shigeo Nishiwaki of Jiji Press.**

The Nikkei-Dow market average declined 27.55 to 12,373.64. Trading was extremely thin at 205m shares compared with Friday's 265m. Declines outnumbered advances by 434 to 321 with 151 issues unchanged.

The peak summer holiday week took its toll on the line-up of institutional investors and corporate fund managers. Also overshadowing the market was the suspension of trading in Sanko Steamship by the Tokyo Stock Exchange in the afternoon session.

Sanko came under early heavy selling pressure, with sell orders totalling 56.54m shares against buy orders for 31.3m. As a result, it fetched an asked price of Y27, down Y15 from last week's finish.

On the other hand, incentive-backed issues attracted small-lot buying. Kanebo rose to a new high for the year of Y503 at one stage, but later came under profit-taking pressure to finish Y10 higher at Y493. The issue topped the active list with 13.93m shares changing hands.

Some large-capital stocks were hunted. Nippon Steel, the second most active issue with 9.39m shares, added Y4 to Y171. Mitsubishi Heavy Industries finished Y13 higher at Y332.

Major contractors were also in the spotlight. Sato Kogyo, the third busiest stock with 9.22m shares, rose Y6 to Y471. Ohbayashi Corporation, the fifth busiest, gained Y7 to Y395, while Kajima advanced Y18 to Y450. Taisei Corporation, also active, ended at Y338, up Y11.

Small lot selling sent many blue chips lower. NEC shed Y14 to Y941 and Sony Y80 to Y3,670. Among biotechnology issues, Kuraray gained Y40 to Y1,300, while Dainippon Pharmaceutical dropped Y20 to Y3,280.

On the bond market, trading was dull, but prices firmed in response to rises in U.S. bond prices at the weekend. The reported forecast of Salomon Bros' chief economist, Henry Kaufman, of slackening U.S. economic growth prompted expectations for lower U.S. interest rates among institutional investors.

The yield on 6.8 per cent government bonds, maturing in December 1994, fell to 6.310 per cent from Friday's 6.330 per cent.

SOUTH AFRICA

STRONGER bullion prices lifted gold shares in Johannesburg, although most closed below their peaks for the day.

Heavyweight Buffels closed R3.50 up at R69.50 after reaching a high of R70, while among the lower priced stocks, Blyvoor finished R1 higher at R12.75, down 25 cents from the day's peak.

Mining financials and other mining stocks shadowed golds with Gencor adding 75 cents to R26.75, Impala 85 cents to R18.10 and diamond stocks De Beers 25 cents to R11.

CANADA

A MILD decline developed in Toronto during relatively thin trading, although gold stocks continued to move against the trend and posted modest improvements.

Terra Mines traded 53 cents higher at C$3.40 after reporting a gold find in the northwest territories. Other active stocks included Inco C$⅛ lower at C$19⅝ and Breakwater off C$⅛ at C$8¼.

Montreal lost ground in light turnover.

EUROPE

Hesitation disappears in Brussels

THE CAUTION that was evident on the Belgian stock market last week disappeared yesterday to provide one of the few features in largely steady European trading that continues under the shadow of a protracted holiday season.

Foreign demand helped underpin Brussels as local buyers were active ahead of the forthcoming holiday weekend. The Brussels Stock Exchange index added 7.87 to 2,319.11.

Wire maker Bekaert scored a BFr 80 jump to BFr 5,480 while photographic group Gevaert made further progress with a BFr 50 rally to BFr 3,900. Industrial leader Petrofina extended the advance of last week with a gain of FFr 20 to BFr 5,760 although recently favoured zinc producer Vieille Montagne held steady at BFr 7,040.

Cement group CBR put on BFr 130 to BFr 2,440 in a largely technical reaction from recent weakness. Cobepa, which has reportedly bought the Pierre Balmain line of fragrances from the U.S. Revlon group, held steady at BFr 3,650 after Friday's BFr 205 jump.

Retailer Delhaize recovered some recent losses with a BFr 150 sprint to BFr 7,950 in active trading as strong U.S. and European support emerged.

Further weakness among utilities took BFr 15 off Intercom at BFr 2,180 and Ebes lost BFr 5 to BFr 2,870.

Other features of the session included GB-Inno-BM, which announced a restructuring of its stores last week, finishing steady at BFr 3,630 after an early loss of BFr 20. Tourism stock Wagons Lits picked up BFr 30 to BFr 3,030.

Frankfurt managed to finish mixed after a weak opening. The Commerzbank index, calculated at mid-session, reflected the early unease and retreated 5.9 points to 1,407.1.

Investors were somewhat unsettled by the decline of the dollar and a measure of uncertainty over domestic interest rates. The Bundesbank was expected to cut the key discount and Lombard rates at Thursday's central bank council meeting by up to ½ percentage point, but now the timing and size of a cut are no longer clear. Since the market has already discounted the cuts, share prices are likely to retreat further should the central bank fail to trim the rates.

The uncertainty over interest rates inhibited the bond market with prices slipping by up to 15 basis points. The Bundesbank bought DM 20.2m in paper to balance the market after Friday's purchases of DM 23.1m.

Banks were again under the cloud of South American debt fears – real or imagined – while interest rate trends further softened prices.

Commerzbank suffered a DM 4 drop to DM 208.50 while Deutsche Bank slipped DM 2.50 to DM 546.50. Dresdner Bank dipped DM 2 to DM 265.50.

Profit-taking reared its head in the car sector which made steady progress last week. BMW suffered a bruising DM 6 fall to DM 437.50 while Porsche retreated DM 3 to DM 1,302.

Daimler moved against the trend with a 50 pfg gain to DM 875.00.

Chemical issues extended the gains of last week with Bayer firming DM 2 to DM 221 with Hoechst DM 1.70 stronger at DM 220.20. BASF managed a more modest gain of 50 pfg to DM 221.00.

A strong first-half result for Schering took the chemical group DM 2.50 higher to DM 463.00.

Milan was unsettled by profit-taking and book-squaring that generated severe selling pressure at times. The Banca Commerciale index lost 5.13 to 357.43.

Some recent favourites surrendered part of their hard-won gains of last week. BI Invest, which is seeking Montedison's purchase of a 37 per cent stake in BI Invest to be declared illegal, lost L300 to L6,320 while the chemical group lost L55 to L2,007.

Banca Commerciale, which recently announced partial privatisation plans, declined L400 to L22,800. Pirelli moved further from its recent peak for 1985 with a L149 drop to L5,801 and Fiat was trimmed back L85 to L4,035.

Amsterdam started the week lower as investors waited for a host of corporate results to provide a sufficient diet of new market shaping influences.

Unilever dropped Fl 5 to Fl 326.50 ahead of today's results, while Hoogovens held steady at Fl 65.10 after an early loss of 50 cents ahead of results tomorrow. Philips, also due to report tomorrow, retreated 20 cents to Fl 46.30.

Amro, which moved ex-dividend, turned Fl 2.70 cheaper to Fl 85.80. Fokker displayed some resilience with its Fl 2.20 rise to Fl 84.20.

Bond prices are expected to remain firm throughout the week.

A hesitant Paris saw prices drift lower although electricals moved against the trend. Radiotechnique put on FFr 14 to FFr 297 while in stores Carrefour picked up FFr 2 to FFr 2,342 and Au Printemps closed FFr 3 higher at FFr 282.

Matra firmed FFr 3 to FFr 1,758 ahead of its agreement to sell a substantial holding in its printed circuits subsidiary to Hadco of the U.S.

L'Oreal shed FFr 44 to FFr 2,206 on higher first-half turnover figures.

Zurich was left mixed with banks and insurers barely changed from Friday's levels. Food groups were mixed with Nestlé SwFr 75 higher to SwFr 6,750 and Jacobs Suchard SwFr 25 cheaper at SwFr 6,550.

Madrid secured a small advance while Stockholm trading was undistinguished.

AUSTRALIA

Two forces for rise to records

DOMESTIC investors pushed Sydney shares prices to higher peaks yesterday as foreign support for local gold issues underpinned the market's strength.

The All Ordinaries surpassed Friday's record with a further 7.7 gain to another all-time high of 949.4 with the All Resources index 5.5 points higher at 614.50.

The improved bullion price was reflected in a more vigorous golds sector with Central Norseman 28 cents up at A$9.48, Kidston 20 cents dearer at A$5.50 and Poseidon 13 cents ahead at A$4.25.

Overseas investors are shifting out of South African gold shares into Australian issues and are likely to continue if the political situation in South Africa deteriorates further.

The media sector was featured with News Corporation jumping 40 cents to A$7 and Fairfax firming 10 cents to A$8.10. Herald & Weekly Times held steady at A$4.80.

Recently active retailers saw Myer add 6 cents to A$3.41 and G. J. Coles pick up 15 cents to A$4.10. Woolworths added 2 cents to A$3.48.

BHP displayed the broad tone of the market with an 8-cent advance to A$6.94.

Among banks, ANZ added 6 cents to A$5.24 although Westpac moved against the trend with a 8-cent decline to A$4.76.

LONDON

Gilts firm on sterling advance

THE RENEWED strength of sterling against the U.S. dollar encouraged a revival in government securities in London yesterday which fostered a brighter tone in leading shares.

Interest in the equity market centred initially on Britoil and the start of trading in the new 100p-paid shares. The opening premium of around 23p was slightly below some optimistic forecasts but turnover eventually exceeded most expectations.

Small sales from stags were easily absorbed and the price firmed to 124p before easing to 120p and settling at 122p.

Britoil "old shares" suffered from switching operations and reacted to close at 202p, down 12p after allowing for the dividend deduction.

International stocks were neglected because of the stronger pound. Slightly better than expected producer price and retail sales gave the market's general sentiment a boost. After opening 3.5 down the FT Ordinary share index rallied to close 4.7 higher at 964.2

Fresh overseas and domestic demand for gilts enabled the authorities to sell the last of the £220m tranche of Exchequer 9¾ per cent 1988 95¾.

Chief price changes, Page 27; Details, Page 26; Share information service, Page 24-25

HONG KONG

LINGERING takeover speculation aided a strong advance in Hong Kong as the Hang Seng index firmed another 22.92 to 1,699.43 on higher turnover.

The speculation centred on Jardine Matheson and Hongkong Land, despite denials of involvement by Hutchison Whampoa and Singapore businessman Khoo Tech Puat, two of the parties said to be involved.

Hutchison added 60 cents to HK$27.80, Cheung Kong and Jardine Matheson 30 cents each to HK$18.40 and HK$13.80 respectively. Hongkong Land rose 15 cents to HK$6.65.

The Hongkong Wharf group was buoyed by speculation of a restructuring and closed 30 cents higher at HK$7.35.

Trading in Associated Hotels was suspended pending an announcement from the company. It closed at 66 cents on Friday.

China Light added 10 cents to HK$16.20 and Hongkong Bank 5 cents to HK$7.85.

SINGAPORE

THE TEMPO of trading declined sharply in Singapore as the market remained under the shadow of the Prime Minister's bleak economic forecasts.

Falls were widespread with price movements mostly narrow. Turnover declined from 12.1m to 8.4m shares as the Straits Times industrial index fell 6.13 to 751.86.

Federal Clothes was the most active stock, closing 1 cent lower at S$1.06 on a turnover of 521,000 shares.

UOB firmed 6 cents to S$3.70 on a turnover of 322,000 units, despite lower half-year results. Promet, the third most active stock with a volume of 290,000 shares, lost 4 cents to S$1.10.

Genting eased 15 cents to S$3.55, G.I. Holdings 9 cents to S$2.07, Haw Par 4 cents to S$2.12, Cycle 8 cents to S$3.36 and DBS 10 cents to S$5.10.

Hotels and property stocks also eased while commodities were narrowly mixed.